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PISTONS WIN
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Anchoring a Friendly Image

By Jim Hoagland
New York Times Service

WASHINGTON — "You are a sailor," Mikhail S. Gorbachev said in a friendly aside to George Bush as they began their discussion of German unification in the White House last week. "You will understand that if one anchor is good, two anchors are better."

The Soviet leader then launched into a long and rambling argument that a unified Germany should belong simultaneously to the Warsaw Pact and the North Atlantic Treaty Organization. But it was the anchor image, and Mr. Bush's response, that captured for some of the American and Soviet officials in the room the chemistry of a still-evolving relationship that has made this a summit meeting with a difference.

Mr. Bush's response was a firm rejection. But the president was careful to explain his reasoning in full and friendly fashion, beginning by saying that it was precisely because he did not understand "how two anchors could work" that he wanted to persuade Mr. Gorbachev that

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German membership in NATO alone was a better idea.

An administration official who had been given detailed briefings of the White House conversations said, "When people read the record of the conversations of the Washington summit in the future, they will see that they were quite different than previous talks between Soviet and American leaders."

"These two men," the official added, "now know that in a long-term relationship they can make their countries cooperative partners, instead of hostile enemies, if they can manage German unification and agree on what the future of Europe should be. By the time George Bush leaves the White House, he could be dealing with the Soviet president as he would a friendly West European nation."

Mr. Bush and Mr. Gorbachev reached no agreement on Germany in their two days of White House talks before moving to Camp David for more relaxed discussions. They did not expect to renew the discussion on German reunification at this meeting, their press secretaries said, even though their earlier conversations established this as the most important question and area of differences on their agenda.

Mr. Bush reportedly was not discouraged over the impasse on the German issue. U.S. officials

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Summit Leaves Open the Gap On Germany and Lithuania

By David Hoffman
Washington Post Service

WASHINGTON — President George Bush and President Mikhail S. Gorbachev concluded their four-day summit meeting Sunday declaring that they had moved U.S.-Soviet relations into a new phase of cooperation although they had not bridged differences over Germany and Lithuania.

In an hour-long news conference in the White House East Room, Mr. Bush defended his surprise decision to sign a trade accord with Mr. Gorbachev on Friday, even though Moscow continues an economic embargo against Lithuania.

Mr. Gorbachev delivered a vigorous defense of his actions to pressure the Baltic republic, saying that he was preserving the Soviet Constitution.

Both leaders offered explanations of their discussion about German unification that appeared to parallel their private talks on

Hurdles on arms pact: Some old missiles from a cooler era. Page 5.

Thursday. Mr. Bush insisted that a reunified Germany should remain within a broadened North Atlantic Treaty Organization. He also said that, ultimately, a united Germany would have to decide its own external policy, under the the terms of the 1975 Helsinki Final Act.

Mr. Gorbachev, acknowledging that "we could not resolve this issue in Washington," appealed for a solution that would not isolate the Soviet Union.

The U.S. secretary of state, James A. Baker 3d, said in a television interview shortly after Mr. Gorbachev left Washington for Minnesota that the two leaders had discussed the possibility of a new agreement between the existing NATO and Warsaw Pact alliances.

Mr. Baker, suggesting that the idea came from Mr. Gorbachev, spoke of a proposal that there "could be some sort of a political agreement that would help" assuage Soviet concerns about a unified Germany. He that the details had not been worked out, and that the suggestion had been "very general and very vague."

Questioned about a suggestion by a senior Gorbachev aide that Moscow might seek to join NATO, Mr. Baker said that the Atlantic Charter provided for admission to the alliance of nations that are democracies, and that the Soviet Union had "some distance" yet to go before it would qualify.

Mr. Baker also noted that an American has traditionally been supreme allied commander and questioned whether Moscow would want to put its forces under U.S. command in such a manner.

In their news conference, the two leaders stressed that they had achieved a personal rapport over the four days of meetings in Washington and at the presidential retreat at Camp David, Maryland.

Both announced that they would meet on a regular basis in the future, but they did not set a date for the next summit meeting. Mr. Gorbachev said that he invited Mr. Bush to visit the Soviet Union. Mr. Baker said a date for the next encounter had not been set.

Mr. Gorbachev, seated next to Mr. Bush at the table on which the two leaders signed a series of agreements Friday, declared that the summit talks had opened a "qualitatively new relationship" between the superpowers.

The meeting, he said, was an "event of enormous importance."

Mr. Bush said that the two leaders had made "great progress" since their last meeting at Malta in December and that, despite their disagreements, "the spirit of candor and openness, a desire not just to understand but to build bridges, has shown through."

On Friday, the two leaders issued a joint statement outlining areas of agreement on the strategic arms reduction treaty, and on plans to negotiate a second treaty for deeper cuts in nuclear arsenals. They also signed a treaty on destroying the bulk of both sides' chemical weapons, and two protocols long under negotiation for verification of nuclear tests.

Unexpectedly, Mr. Bush agreed Friday to sign a trade agreement with Moscow. U.S. officials said that Mr. Gorbachev had pressed Mr. Bush repeatedly in their private meetings for approval of the trade agreement.

The accord will have no practical impact until Mr. Bush asks Congress for a waiver of the Jackson-Vanik amendment, which would give to the Soviet Union most-favored-nation trading status.

Mr. Bush had said on May 24 that because of the political situa-

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Main Points of Meetings

The Associated Press

WASHINGTON — Highlights of the news conference held Sunday by President George Bush and President Mikhail S. Gorbachev:

Germany: The leaders confirmed their continuing impasse over the military shape of a united Germany. "I cannot say that we reached agreement, but that does not mean our efforts were futile," Mr. Gorbachev said. Mr. Bush said he was not sure that the two men had narrowed their differences over terms for German unification. He said he had told Mr. Gorbachev why it was appropriate that Germany be a full member of NATO.

European Troops: Mr. Gorbachev said he believed that it would be possible to achieve an agreement on conventional forces in Europe by the end of the year.

Lithuania: Mr. Bush said he had received no assurances from Mr. Gorbachev that the Kremlin would lift its economic sanctions against Lithuania. Mr. Gorbachev said that the rights of the Soviet republics were being expanded but that any change must take place within the framework of the Soviet Constitution. He said that Lithuanians and others were not giving that process "due regard."

Trade: Mr. Bush said that the U.S.-Soviet trade agreement signed on Friday would not go to Congress without Soviet enactment of liberalized emigration laws. But he repeated that there was no linkage between trade accords and the Kremlin's treatment of Lithuania. Most-favored-nation trading status, he said, "is linked to the emigration law being passed. That's it."

Gorbachev Cautions Israel on Emigrés

By Jackson Diehl
Washington Post Service

JERUSALEM — Israel said Sunday that it would not halt the settlement of Soviet Jews in the occupied territories and suggested that a demand by President Mikhail S. Gorbachev for assurances against such settlement was a verbal gesture to Arab states.

Mr. Gorbachev warned Israel in Washington at the end of the U.S.-Soviet summit meeting that he would consider suspending the issuance of exit permits for Soviet Jews if they continued to be settled on the West Bank or Gaza Strip.

Mr. Gorbachev said that the Soviet Union "is being bombarded by a lot of criticism" from Arab countries.

The Soviet leader stressed that if Israel continued to allow the settlements, "We must give further thought to it in terms of what we can do with issuing permits for exit."

"And some people are raising the matter in these terms in the Soviet Union: as long as there are no assurances from the Israelis that this is not going to be done by them, to postpone issuing permits for exit," Mr. Gorbachev said.

Israeli officials were quick to reiterate the government's contention that only a fraction of the Soviet newcomers are moving to the territories.

However, they affirmed that Prime Minister Yitzhak Shamir had no intention of changing his policy under which the immigrants, who are now arriving at the rate of 2,500 a week, have "freedom of choice" to settle anywhere.

"We do not have a policy of settling Jewish immigrants in Judea, Samaria and Gaza," said Avi Pazner, a senior advisor to Mr. Shamir, referring to the territories by their Biblical names. "We do not encourage them to settle there. The

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Boris Yurchenko/The Associated Press

President Mikhail S. Gorbachev making a point Sunday during his White House news conference with President George Bush after four days of talks.

Kohl Says Summit Shows Unification Problems Can Be Solved 'in Time'

By Edward Gody
Washington Post Service

BONN — West Germany declared Sunday that the U.S.-Soviet summit conference showed that problems raised by German reunification could be overcome "in time," despite Soviet misgivings about the membership of a united Germany in NATO.

Chancellor Helmut Kohl and Foreign Minister Hans-Dietrich Genscher, in separate statements, appeared to avoid deliberately a suggestion from President Mikhail S. Gorbachev in Washington that the Soviet Union would have to take a hard look at its security position if a reunited Germany became a full member of the North Atlantic Treaty Organization.

MONDAY Q&A

A Bonn Social Democrat expects unity talks to quicken. Page 5.

The West German government seemed determined instead to emphasize what it saw as the positive effects on the German unification process of U.S.-Soviet agreements in other fields.

These include moves on nuclear and chemical disarmament, economic cooperation and, in particular, willingness to reinforce the 35-nation Conference on Security and Cooperation in Europe, as a forum for East-West relations, Mr. Kohl said.

"The results of the American-Soviet summit," the chancellor said, "gave us reasons for an optimistic outlook that the domestic and foreign aspects of German unification can be solved in time.

"That also goes for the question of the alignment of a united Germany."

Mr. Kohl welcomed the expression of determination by Mr. Gorbachev and President George Bush to complete the Vienna negotiations on conventional arms by fall, saying that this was "the key to the solution" of a united Germany's status within European security arrangements.

Officials of the United States and its allies have expressed fear in recent weeks that the Soviet Union was dragging its feet in Vienna to dramatize its opposition to the idea of a reunified Germany being a full member of the NATO integrated military command.

At the same time, U.S. and West German leaders have insisted that Soviet demands for a reduction in German troop strength can be met only within broader force cutbacks worked out in the Vienna talks.

A West German Foreign Ministry official said that Mr. Gorbachev's renewed willingness to commit Moscow to a conventional arms agreement by fall, as previously agreed, was therefore an important achievement.

Mr. Genscher also emphasized what he said was U.S. and Soviet accord on "institutionalizing" the security conference process to provide a broad European framework for political cooperation embracing East European nations as well as the Soviet Union.

The Soviet Union, which also favors the idea of expanding the conference into a pan-European security forum, suggested last week that it become a European council with regular meetings and a broad mandate.

But the United States has been reluctant to see the 35-nation coordinating process take on a substantive security role, largely for fear that it would supplant NATO and dilute U.S. influence in Europe.

But Secretary of State James A. Baker 3d indicated strongly in an April 24 letter to Mr. Genscher that Washington was ready to be more flexible, the Foreign Ministry official said.

In suggestions to Mr. Gorbachev for the summit meeting, Mr. Bush agreed to proposals to provide the security conference process with a permanent secretariat.

In effect, that would give it a larger role as a way to offset Soviet misgivings about the weakening of the Warsaw Pact even as NATO subsumes East Germany.

Kiosk

U.K. Sees Offer In Iran Move

LONDON (Reuter) — Prime Minister Margaret Thatcher said Sunday that she had seen an "olive branch" in Iran's raising the possibility of restoring diplomatic relations severed over Salman Rushdie's novel "The Satanic Verses," considered blasphemous by Iranian clerics.

Mrs. Thatcher spoke on BBC radio a day after an Iranian Foreign Ministry official said the door would be opened to normal relations if Britain condemned the "insult to Islam" in the novel. She gave no indication whether the government would do so.

General News

India sent Pakistan new proposals on Kashmir. Page 2.

Researchers eased a case of muscular dystrophy by transplanting muscle cells. Page 7.

In nine states, U.S. primary voters will set up some fierce electoral struggles. Page 3.

Sports

Andre Agassi beat his rival Jim Courier to gain the French Open quarterfinals. Page 16.

Business/Finance

Developing countries are seeking more cash to help them pay off debts. Page 9.

The dollar is thought unlikely to sustain recent rises. Page 9.

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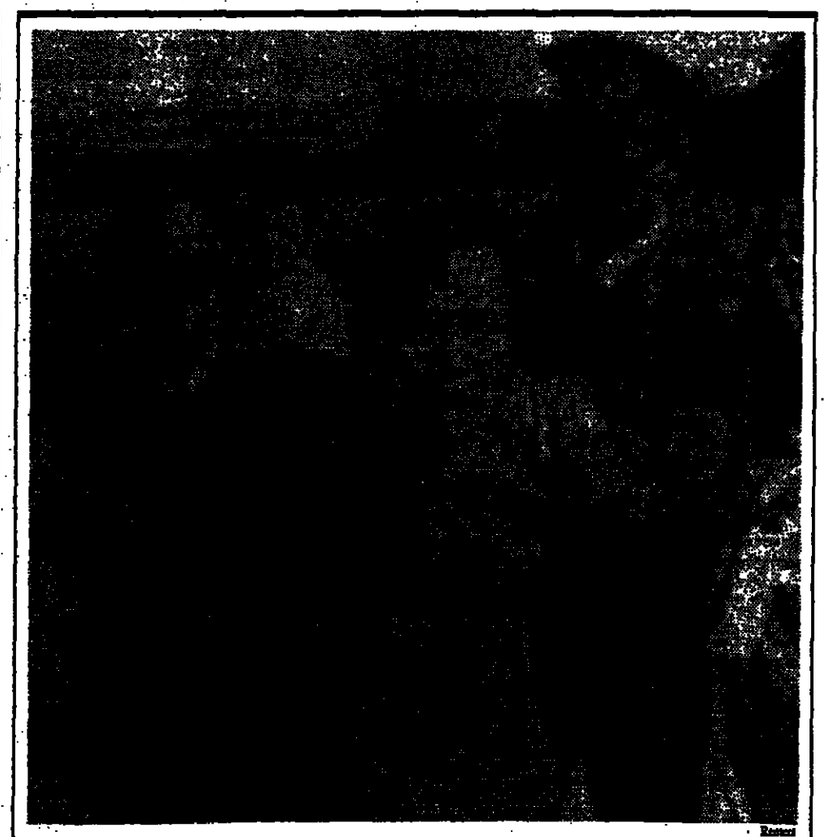
The World Cup and the Money

Soccer's monthlong World Cup tournament, which begins June 8 in Milan, will be not only the globe's most-watched sports competition but also one with major financial implications. In a special series of articles, illustrated in color, Tuesday's editions of the International Herald Tribune will reveal the commercial magnitude of the World Cup while looking at prospects on the dozen playing fields involved.



Reuter

Beijing Police Seize Tiananmen Protester

Beijing police manhandling a protester near Tiananmen Square on Sunday after he held up a poster before a Canadian Broadcasting Corp. television crew and shouted "Rise up, rise up!" on the first anniversary of the crackdown there last year. As onlookers gathered, police took him from the square. At Beijing University, hundreds of students defied a ban and marched in protest. Page 2.

Can the Glow Make It Home?

By Bill Keller
New York Times Service

WASHINGTON, June 3 — The most telling moment of Mikhail S. Gorbachev's post-summit press conference on Sunday came when the man from Izvestia, the Soviet government daily, was recognized for a question.

While the Americans were peppering the Soviet leader on Germany, the Izvestia writer, Stanislav N. Kondrashev, drily noted "a cooling of interest" back home in international affairs.

"Everybody's concerned with internal matters at home," he told the Soviet leader, who was startled that this splash of cold water should come from the once-predictable hometown press. "Taking advantage of this opportunity, I'd like to ask you, what do you think of your relationship with Yeltsin?"

He was referring to Boris N. Yeltsin, dismissed from the Politburo by Mr. Gorbachev and elected last week as president of the Russian Republic.

For Mr. Gorbachev, the street-corner adulation and shirtsleeve summitry of this American visit have been a pleasant reprieve from

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his domestic troubles, and have shored up for a time his position on the world stage.

But when the presidential bonding was over, Mr. Gorbachev had found no escape, and little relief, from his problems at home.

What Mr. Gorbachev takes back, by way of the Middle West and California, is an American vote of confidence.

Time and again the Soviet leader sought to refute the impression that he is a man enfeebled by economic and political crises, and his American counterpart graciously played along.

President George Bush, putting the relationship above the agenda, bolstered Mr. Gorbachev with public affirmations of respect and trust. Most notably, Mr. Bush announced that he would not make the liberation of Lithuania a condition for the normal trade relations Moscow wants so desperately.

"Bush had all the trump cards, and he didn't play them," said Alexander Bovin, the well-connected Soviet newspaper and television commentator, pleased that in America, at least, there is still faith in *perestroika*, or restructuring.

But in practical terms, it is hard to see how the talks with Mr. Bush

See BALTS, Page 4

Japan-Soviet Trade Plunges

By Fred Hiatt
Washington Post Service

TOKYO — Japan's trade with the Soviet Union is plummeting as a result of delays by the Soviets in paying their bills and Japanese concern over Soviet political instability.

As President Mikhail S. Gorbachev looks to the region to help rescue his economy, trade contracts between Japan and the Soviets fell by more than 26 percent in April, according to the Japan Trade Council. The figures for May are likely to be even more dismal.

Soviet firms are behind in payments by at least $250 million and probably more, according to officials here. Japan's Trade Ministry has instructed some companies to halt shipments to the Soviet Union, according to the chairman of the

Chevron Corp. gets exploration rights in a giant Soviet oil field near the Caspian Sea. Page 5.

Japan-Soviet Trade Organization, and Japan's steel companies have said they will stop supplying steel pipe until they get paid for past deliveries.

The delays in payment, which have troubled trading partners of the Soviet Union around the world, are viewed as likely to be temporary and have been attributed to confusion stemming from recent Soviet moves to decentralize the economy. But the late payments have heightened a deep-seated pessimism here about long-term prospects for trade, despite Soviet hopes to tap Japan's wealth and superior technology.

"The trade situation is going to get worse and worse," said Nobuo Sugahara, who handles the Soviet account for the giant trading house

See TRADE, Page 4

A March To Mark a Tragedy

Hong Kong Rally Draws 100,000

By Steve Glain
International Herald Tribune

HONG KONG — More than 100,000 protesters, many wearing black and waving banners emblazoned with the words, "The people will never forget," choked the streets of this city Sunday to mark the first anniversary of the crackdown in Beijing.

The march drew about four times as many participants as expected.

It began in the central business district and ended, without incident, with a rally before the New China News Agency building, China's de facto embassy.

Hong Kong, which returns to mainland control in 1997, closely followed the uprising last year in China and the events that followed its harsh repression.

Leaders of the march Sunday called for the release of jailed Chinese dissidents and demanded that mainland officials be held accountable for the killings last year.

Police said that 100,000 people attended the march; its organizers put the total at 130,000. Security was tight and no incidents were reported.

The day after the Beijing killings, more than one million protesters rallied in Hong Kong in support of the Chinese democracy movement.

At the New China News Agency building, where China's most senior officials in Hong Kong have their offices, demonstrators erected a small monument to victims of the uprising.

The rally is likely to provoke a frosty response from Beijing, which has repeatedly warned the British government against allowing activists to use Hong Kong as a forum for undermining the Communist government of China.

Defying Ban, Beijing Students Protest Crackdown

By Daniel Southerland
Washington Post Service

BEIJING — Hundreds of Beijing University students, defying a ban on protests, marched on their campus Sunday to mark the first anniversary of the crushing of last year's protest movement.

The demonstration began after scores of students hurled bottles out of two Beijing University graduate-student dormitories late Sunday night.

The authorities had deployed thousands of armed policemen throughout Beijing to head off anti-government disturbances on the first anniversary of the crushing of the student-led movement.

But in the hours leading up to the student protest, individual Beijing citizens, in separate small, nonviolent incidents, managed to hoist a protest banner, to scatter white paper money signifying mourning, and say a silent prayer just outside Tiananmen Square.

The police detained at least three citizens following such incidents and took away three others for questioning from the "English Corner," where young Chinese practice their language skills at the Purple Bamboo Park in northwestern Beijing.

At Beijing University, which was in the vanguard of last year's protests, the students, after hurling bottles, also shouted "Rise up! Rise up!"

Some of the students burned newspapers. They said that the smoke and fire memorialized the hundreds who died when the army shot its way through protesters to reach Tiananmen Square last year. The army attack began on the night of June 3 and lasted into the early morning of June 4.

The students also sang "L'Internationale," the song of the international Socialist movement, which became a rallying anthem last year at Tiananmen Square.

The Beijing University protests lasted for more than two hours, according to witnesses on campus.

Police sealed off roads around the university and brought in reinforcements. The witnesses said that by 1:30 A.M. the students began to calm down.

Throughout most of Beijing, both the police and Beijing citizens appeared to be tense but avoided conflict. But the outburst at Beijing University showed that while the country's dissident forces are both dispersed and disorganized, there is still a potential for open unrest just beneath the surface.

In the year since the crackdown, the Chinese leadership has worked hard to silence the clamor of calls for democratic change that swept the country last spring.

With seeming ease, through arrests and detentions, political indoctrination sessions and endless investigations of suspected dissidents over the last year, the Communist Party leadership sought to impose its will.

And yet, despite a carefully constructed facade of strength and party unity, China's leaders displayed extreme nervousness for the first anniversary of the crackdown.

The authorities sealed off the square to make way for state-organized gatherings.

Perhaps more significant than signs of nervousness, the country's leaders appear to be preoccupied with short-range problems. "The leaders have no long-range plans," a middle-level Chinese government official said recently. "All they can do is focus on the problems of the moment."

Chinese and Western analysts say that the government has not solved any of the major problems that triggered the crisis last spring.

"No one has the vision to deal with the big problems that are weighing down," said a veteran Western diplomat in Beijing.

The top leadership, analysts say, consists of an uneasy coalition of potential rivals for power. They are held together by their fear of social unrest and by their connections with the country's elderly senior leader, Deng Xiaoping. Mr. Deng, 85, ostensibly has retired but remains the final arbiter on major political decisions.

The nation appears to be waiting for Mr. Deng to pass from the scene before anyone makes a decisive move. The result is that *both political and economic policy decisions shift constantly.*

"The stalemate at the center is reflected in a loss of direction in economic policy," a foreign economist said.

The middle-level Chinese official, who asked not to be named, predicted that once Mr. Deng died, top leaders would engage in a power struggle and China would face a new round of unrest similar to the eruptions in more than 80 cities a year ago.

"Deng is the only one who gives real authority to this government," he said. "Once he dies, there's no way that they can maintain stability."

Dissidents released from prison over the last few months indicate that even within China's newly reinforced police force, police officers hold divided views.

Some officers display reluctance to deal sternly with student activists. According to a prison diary that a former detainee brought out of the Qincheng maximum security prison north of Beijing, police guards there showed great sympathy for incarcerated students.

Singh Sends New Proposals On Kashmir to Pakistanis

By Michael Richardson
International Herald Tribune

KUALA LUMPUR, Malaysia — The Indian prime minister said Sunday that his country had sent new proposals to Pakistan to reduce the risk of war over Kashmir and restore relations to "the path of friendship."

In an interview, Prime Minister Vishwanath Pratap Singh declined to give details of the initiative. He said that it had been made in confidence and that premature disclosure might lead to rejection of the offer.

He said that Islamabad had asked for a week or 10 days to respond to the proposal.

While appearing eager to defuse tension with Pakistan, which he alleged was training and arming secessionists in both Kashmir and Punjab in India, Mr. Singh warned that if Pakistani "battle readiness" and alleged subversion were not halted India would take steps to protect its western border.

"We will defend ourselves," he said. "We have a right of self-defense."

Mr. Singh said that India had recently withdrawn a number of tanks from a training area near the border, but not a full armored division.

The Washington Post had quoted R.R. Dayakara, an Indian Embassy spokesman in Washington, as saying that India withdrew an armored division last week from an area south of the Punjab — a likely staging area for any military move against Pakistan.

Mr. Singh said that India had "given certain signals" to Pakistan and now awaited its response.

Asked whether there was a risk of war between Pakistan and India, he said it was "for Pakistan to make up its mind what it wants."

Pakistan, he asserted, "sends strike forces to the front, lays mines, dumps ammunition, puts its people in trenches in battle readiness" and its airfields on a war footing.

He said that India, meanwhile, had "exercised great restraint," that its strike forces were still in their peacetime positions, and that paramilitary units and police, not the regular army, guarded the border in Punjab.

"Our trenches in Punjab are still not occupied by our forces," Mr. Singh said.

But he added that if Pakistan "continues on that line, how long can India keep its flank open?"

Asked whether he had set a deadline for Pakistan to take action to defuse the situation, he replied:

"Yes, we expect an early reply from them. They wanted a week or 10 days, which is fair enough."

The Indian leader said that "the crux of the problem" was Pakistan's efforts to sever Indian territory by promoting insurgency in Kashmir and Punjab.

Secessionists have been fighting Indian forces in both states, threatening the unity of India. Sikh militants claim Punjab as a homeland while Muslim activists have been leading the campaign for independence of Kashmir. Pakistan has denied involvement.

But Mr. Singh said that "for the last four or five years, the new element has been the conscious and systematic efforts by Pakistan to train people, brainwash them, use religion as a political instrument, equip them with arms and send them across the border" into Indian Kashmir.

He said that secessionists in Kashmir had used terrorism and Islamic fundamentalism to gain the support of many people.

"It is suppression of democracy, not a fight for democracy," he said. "Fundamentalism and use of violence has to be stopped. Only then can normal democratic expression come."

Indian officials say that if secessionists are allowed to succeed in Kashmir it will threaten the basis of secular rule in India, as majority Hindus would demand safeguards against similar action elsewhere by Muslims.

Agence France-Presse

Mr. Singh, right, at a press conference Sunday in Kuala Lumpur.

Kashmir is India's only state with a majority Muslim population. When the Indian subcontinent was partitioned in 1947 to form India and Muslim Pakistan, Kashmir acceded to India.

Two of the three wars fought by India and Pakistan since then have been over Kashmir. India controls about two-thirds of the territory and Pakistan one-third.

Mr. Singh said that his government had come into office in December 1989 committed to improve relations with its neighbors.

"We have withdrawn our forces from Sri Lanka," he said. "We have started positive moves with Bangladesh and Nepal. We have opened dialogue with China."

He said that India wanted to "pursue the path of friendship" with Pakistan because neither country could afford to waste resources on arms.

India is also anxious to see the democratically elected government of Benazir Bhutto, the prime minister, retain power in Pakistan.

"In a situation of conflict, the army's clout will increase in Pakistan and she will become irrelevant after a period of time," Mr. Singh said.

"If there is peace, the army will recede into the background and she will become more relevant to take political initiatives," he added.

Rex Harrison, Who Gained Fame With 'My Fair Lady,' Is Dead at 82

By Eric Pace
New York Times Service

NEW YORK — Sir Rex Harrison, 82, the suave British actor who won a Tony Award in 1957 and an Academy Award in 1964 for his portrayals of Professor Henry Higgins in "My Fair Lady," died Saturday of pancreatic cancer at his home here.

The actor, knighted in July 1989, played a variety of roles during his long career in theater and films, but he was best known for his portrayal of the waspish professor of phonetics in the musical based on George Bernard Shaw's play "Pygmalion."

Sir Rex made his last stage appearance May 11 in a revival of "The Circle," a Somerset Maugham comedy, at the Ambassador Theater in New York. He left the production last month because of his health.

"He wanted to be on the stage — that was it," said Sir Rex's attorney, Harold Schiff. "He didn't care about retiring."

A popular actor who loved his craft, Sir Rex was known for his wit and charm. He was tall and elegant and was often cast as a man of wealth and refinement.

Serious but unpretentious, the actor once said: "There's always a struggle, a striving for something bigger than yourself in all forms of art. And even if you don't achieve greatness — even if you fail, which we all must — everything you do in your work is somehow connected with your attitude toward life, your deepest secret feelings."

Sir Rex gained international fame with his portrayals of the sharp-tongued Professor Higgins in the Alan Jay Lerner-Frederick Loewe musical. His co-stars as the cockney flower girl Eliza were Julie Andrews on Broadway and Audrey Hepburn in the movie.

He was nominated for an Academy Award in 1963 for his other favorite film role, Julius Caesar in "Cleopatra," in which Elizabeth Taylor played the title role.

He appeared in more than 40 films and many stage productions, including his portrayal of Henry VIII in "Anne of the Thousand Days" (1948), for which he won his first Tony, and "The Love of Four Colonels" (1953), which he also directed.

Yet Sir Rex, a musical duffer, had to work hard on his performance in the first stage production of "My Fair Lady."

AP

Rex Harrison as he appeared on stage as Henry Higgins in 1979.

"Originally, I had a block about appearing in a musical," he recalled years later. "I went to a voice teacher for a while, but that did no good. *My range is about one and a half notes.* I ended up talking the musical numbers, which was revolutionary at the time.

"The lyrics are extremely intricate," he added. "They move along like a precisely acted scene. If you miss a word — heaven help you — the orchestra rattles past like an express train, and you've got to run like the devil to catch up."

The actor won praise from Bosley Crowther of The New York Times for his performance in the film "Cleopatra."

"Caesar is no fustian tyrant," the critic wrote. "Played stunningly by Rex Harrison, he is a statesman of manifest wisdom, shrewdness and magnanimity. And he is also a fascinating study in political ambiguities. Mr. Harrison's faceted performance is the best in the film."

Rex Carey Harrison was born on March 5, 1908, in Huyton, England, a granite-quarrying town east of Liverpool.

Stagestruck from boyhood, he went to work backstage for the Liverpool Repertory at age 16. His first part was one line; he moved on to other acting parts, then toured for nine years in road companies of successful plays before he made his mark, initially on the London stage, where he appeared for the first time in 1930 and for the last time in 1988, in "The Admirable Crichton."

Sir Rex never attended drama school, but had no regrets about it. "The important thing is to learn through experience," he said last year. "The more you do the more you learn. I don't think anyone can teach acting from a podium."

Sir Rex was married in 1934 to Marjorie Noel Collette Thomas, with whom he had a son, Noel; to the actress Lilli Palmer in 1943, with whom he had a son, Carey; to the actress Kay Kendall in 1957; to the actress Rachel Roberts in 1962; and to Elizabeth Rees Harris in the early 1970s. All the marriages ended in divorce except the one to Miss Kendall, who died in 1959.

Lord Harmsworth, 86, Artist and Former Publisher

LONDON (AP) — Lord Cecil Desmond Harmsworth, 86, the artist and former publisher born into one of Britain's great newspaper dynasties, died Saturday at his home in Egham, near London, his family said Sunday. The cause was not disclosed.

Lord Harmsworth belonged to the Harmsworths and Northcliffes who control Associated Newspapers, publishers of the Daily Mail and other papers. He worked as a journalist and publisher for family newspapers before turning to painting in the 1930s.

Lord Harmsworth moved to Paris, where the author James Joyce was among those who posed for him. As a publisher, Lord Harmsworth was among the first to print Mr. Joyce's poetry and the works of the poet Ezra Pound. He also wrote poetry and translated the French poet Paul Valéry.

Richard W. Millar, 91, Former Northrop Official

NEW YORK (NYT) — Richard W. Millar, 91, a major force in the development of the aerospace industry in Southern California and a former chairman of Northrop Corp., died Friday in Pasadena, California. No cause of death was announced.

Mr. Millar, trained as an investment banker, served on Northrop's board for 38 years, until his retirement in 1984, and as chairman from 1947 to 1949 and again from 1975 to 1976. During his tenure, Northrop's annual earnings swelled from $26 million to $3.7 billion and its product base grew from propeller-driven military planes to the most advanced aircraft, including the Stealth bomber.

WORLD BRIEFS

De Klerk Expected to Lift Emergency

JOHANNESBURG (UPI) — President Frederik W. de Klerk is expected to lift a state of emergency in South Africa imposed four years ago or sharply modify it within the week in an effort to meet demands by the African National Congress to normalize the political climate, it was reported Sunday.

On the eve of the departure of Nelson Mandela, deputy president of the ANC, for a 45-day tour of Europe, the United States and Africa, Sunday newspapers reported that changes were imminent in the regulations. The tour is being undertaken in part to press for the maintenance of punitive sanctions imposed against South Africa after the declaration of the state of emergency.

Among the areas where Mr. de Klerk has defended the emergency rule as vital to maintaining law and order is the province of Natal, where 3,000 people have died since 1987 in clashes between ANC supporters and the rival Zulu movement, Inkatha. The Johannesburg Star reported that Mr. de Klerk was likely to renew elements of the emergency rule in Natal while scrapping most of its provisions elsewhere in the country.

Cambodia Peace Talks Set in Tokyo

TOKYO (Reuters) — Leaders of Cambodia's warring factions said they expected to sign a cease-fire agreement in Tokyo this week but cited obstacles likely to hinder rather than advance the two-year peace process.

Prime Minister Hun Sen of the Vietnam-backed government in Phnom Penh and Prince Norodom Sihanouk, head of a three-party guerrilla coalition, are to open two days of peace talks in Tokyo on Monday. Both were optimistic for a breakthrough.

In their first international peace initiative, Japanese leaders hope for a cease-fire to end 11 years of fighting in Cambodia. But other observers say they were not expecting a major breakthrough. And the permanent members of the UN Security Council — the United States, the Soviet Union, France, Britain and China — warned at a recent meeting that the United Nations would not send peacekeepers unless an agreement met its conditions on human rights, free elections and restrictions on outside intervention.

U.K. Centrist Party Set to Disband

LONDON (AP) — Leaders of Britain's centrist Social Democratic Party voted Sunday to disband, in the face of falling membership and waning electoral fortunes. The party had only about 6,000 members, an official said.

"If we did nothing else, we showed the importance of standing by your principles and policies which you think are in the best interest of the country," said David Owen, after the 17 to 5 vote by the national committee. Mr. Owen had helped form the party in 1981.

He said that he and two other members of the party, John Cartwright and Rosie Barnes, would continue to sit in the House of Commons as Independent Social Democrats.

Crash of U.K. Bus Kills 11 in France

AUXERRE, France (AP) — A British tour bus taking travelers home from beaches in Spain overturned Sunday in a high-speed accident, killing 11 people and injuring 61 others, the police reported. Dozens of rescue workers used cranes and other heavy equipment to lift the double-decker bus in a four-hour effort to rescue survivors.

A tire blew out while the bus, which was en route to Birmingham, was on the A6 highway near the village of Courtenay, 120 kilometers (75 miles) south of Paris, the police said. The bus swerved into a ditch, tumbled onto its side and slid 100 meters (110 yards) before coming to a stop in a wheat field, they said.

Police said that many of those who died had been thrown from the bus. "Several bodies were trapped under the bus," said an off-duty police officer who witnessed the accident.

Nevada Executes a Convicted Killer

CARSON CITY, Nevada (Reuters) — A former mental patient who killed a bus driver for $140 was executed Sunday by lethal injection.

Thomas Baal, 26, was executed a day after the U.S. Supreme Court voted, 5 to 4, to overturn a lower court ruling that would have delayed the execution. Mr. Baal, who had been in and out of mental institutions for years, had fought attempts to postpone the execution order, saying in an affidavit, "I believe in the death penalty and I want the penalty to be imposed against me."

He was convicted of fatally stabbing a Las Vegas bus driver during a robbery in February 1988.

Italy Votes on Hunting and Pesticides

ROME (Reuters) — Italians voted Sunday on three referendums that would effectively ban hunting and severely restrict pesticides in agriculture.

The first would repeal nearly all of a 1977 law that gives each of Italy's 20 regions autonomy to set hunting seasons and issue permits, leaving only a clause stating that fauna should be protected as part of the country's heritage. A second referendum on hunting would repeal a law allowing hunters to chase their prey onto private property.

The third referendum would repeal a 1962 law on the use of pesticides in agriculture and require Parliament to pass a much more restrictive law. Farmers' groups say that this would cause chaos in agriculture. Environmentalists have pressed hard for approval of all three measures.

TRAVEL UPDATE

Pan American World Airways said it would offer a flight to the United States from Moscow or Leningrad for $999 instead of the regular price of $1,466. The airline said the 32 percent reduction in fare was being offered to help Soviet citizens interested in emigrating to the United States. *(AP)*

British Aerospace PLC has bought a 76 percent stake in Liverpool Airport PLC for £12 million ($20.1 million) and says it plans to make the Liverpool airport into a major international facility. *(Reuters)*

Indian Airlines will prohibit smoking starting Wednesday on its domestic flights, a spokesman for the state-owned carrier said. *(AP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Andorra, Austria, Bahamas, Barbados, Belgium, Burkina Faso, Central African Republic, Denmark, East Germany, France, Gabon, Grenada, Iceland, Ireland, Ivory Coast, Liechtenstein, Luxembourg, Madagascar, Monaco, Netherlands, New Zealand, Norway, Rwanda, Senegal, Sweden, Switzerland, Trinidad, West Germany.

TUESDAY: Denmark, Equatorial Guinea, Iran, Seychelles.

WEDNESDAY: Malaysia, South Korea.

THURSDAY: Chad, Malta, Sri Lanka.

SUNDAY: Argentina, Jordan, Macao, Portugal.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	17	63	12	54	c
Athens	—	—	—	—	—
Barcelona	24	75	16	61	fr
Belgrade	16	61	—	—	c
Berlin	16	61	11	52	c
Brussels	14	57	11	52	r
Budapest	14	57	11	52	r
Copenhagen	15	59	8	46	r
Costa Del Sol	24	75	18	64	c
Dublin	14	57	12	54	c
Edinburgh	14	57	8	46	sh
Faro	22	72	14	57	c
Florence	24	75	16	64	c
Frankfurt	17	63	9	48	c
Geneva	19	66	7	45	c
Helsinki	12	54	7	45	r
Las Palmas	24	75	18	64	fr
Lisbon	22	72	15	59	c
London	17	63	12	54	r
Luxembourg	13	55	9	48	r
Madrid	30	86	16	64	fr
Milan	23	73	15	59	c
Moscow	21	70	7	45	c
Munich	14	57	9	48	r
Nice	22	72	16	61	fr
Oslo	16	61	12	54	r
Paris	18	64	13	55	c
Prague	13	55	8	46	r
Reykjavik	10	50	6	43	r
Rome	28	82	17	63	fr
Stockholm	22	72	11	52	c
Strasbourg	18	64	12	54	r
Venice	26	79	17	63	fr
Vienna	18	64	13	55	r
Warsaw	23	73	8	46	fr
Zurich	17	63	10	50	c
MIDDLE EAST					
Ankara	12	54	6	43	sn
Cairo	—	—	—	—	—
Istanbul	15	64	10	50	fr
Jerusalem	29	84	12	54	fr
Tel Aviv	34	75	15	59	fr
OCEANIA					
Auckland	—	—	—	—	—
Sydney	18	64	9	48	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	28	82	r
Beijing	28	82	17	63	fr
Hong Kong	28	82	24	75	r
Manila	32	90	26	79	sh
New Delhi	42	108	—	—	—
Seoul	26	79	14	57	r
Shanghai	—	—	—	—	—
Singapore	32	91	27	81	r
Taipei	32	77	23	73	r
Tokyo	28	82	19	66	r
AFRICA					
Algiers	24	75	19	66	c
Cape Town	—	—	—	—	—
Casablanca	27	81	17	63	fr
Harare	—	—	—	—	—
Lagos	30	86	27	81	c
Nairobi	—	—	—	—	—
Tunis	27	81	16	61	fr
LATIN AMERICA					
Buenos Aires	18	64	10	50	cl
Lima	19	66	17	63	r
Mexico City	26	79	14	57	r
Rio de Janeiro	26	79	21	70	r
NORTH AMERICA					
Anchorage	13	39	4	39	sn
Atlanta	30	86	19	66	r
Boston	25	77	14	57	r
Chicago	18	64	9	48	r
Denver	26	79	11	52	r
Detroit	22	72	9	48	r
Honolulu	29	84	23	70	r
Houston	34	93	21	70	r
Los Angeles	31	88	14	57	r
Miami	32	90	24	75	r
Minneapolis	14	57	6	43	r
Montreal	27	81	15	59	r
Nassau	30	86	23	73	r
New York	24	75	15	59	r
Phoenix	43	109	24	75	r
San Francisco	21	70	12	54	r
Seattle	18	64	10	50	r
Toronto	28	77	12	54	r
Washington	31	88	16	61	sh

cl-cloudy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Cloudy. Temps. 17 — 11 (63 — 52). LONDON: Cloudy. Temps. 18 — 10 (64 — 50). MADRID: Cloudy. Temps. 23 — 14 (73 — 57). NEW YORK: Partly cloudy. Temps. 23 — 15 (73 — 59). PARIS: Cloudy. Temps. 19 — 13 (66 — 55). ROME: Fair. Temps. 24 — 12 (75 — 54). TEL AVIV: Not available. ZURICH: Cloudy. Temps. 18 — 10 (64 — 50). BANGKOK: Showers. Temps. 33 — 27 (91 — 81). HONG KONG: Cloudy. Temps. 29 — 25 (79 — 77). MANILA: Showers. Temps. 34 — 28 (93 — 72). SEOUL: Mist. Temps. 24 — 14 (79 — 57). SINGAPORE: Mist. Temps. 32 — 27 (90 — 81). TOKYO: Cloudy. Temps. 26 — 20 (79 — 68).

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In U.S., a Big Day at the Polls

In Nine Primaries, Voters to Set Stage for Fierce Battles

By Robin Toner
New York Times Service

WASHINGTON — On the biggest primary day yet of this election year, voters will head to the polls in nine states Tuesday and set the stage for some of the fiercest political struggles in the country.

North Carolina Democrats will decide who will carry the banner against Senator Jesse Helms, the conservative firebrand whose tough style of politics was demonstrated anew last week when he began a barrage of negative advertising even before the Democrats selected a nominee.

Californians will choose a Democratic nominee for governor but, perhaps more important in the eyes of political professionals, they will also decide whether to change dramatically the way congressional district lines are drawn in their state.

Edward Rollins, head of the National Republican Congressional Committee, calls the California contest the first battle in the struggle for control of the House of Representatives in the 1990s, when Republicans hope to end nearly four decades of Democratic rule.

Iowans will give an early reading on the power of the abortion issue in 1990 when they choose a Democratic nominee for governor; one of the top candidates has been singled out for defeat by the National Abortion Rights Action League.

Voters in Alabama will make the first cut in a close, four-way race for the Democratic gubernatorial nomination. Political professionals say the only certainty is that there will be a runoff primary.

And a sprawling collection of races will be decided in Mississippi, Montana, New Jersey, New Mexico and South Dakota.

If any state has a national Senate race, it is North Carolina, where Mr. Helms, a three-term Republican, has been a persistent thorn in the sides of the Democrats.

His defeat of former Governor James B. Hunt in 1984 added to his aura as a formidable foe, but some Democrats assert he is vulnerable this year.

Moreover, the national party, intent on preserving its 55-to-45 majority in the Senate, cannot afford to pass up a chance to wrest a seat from the Republicans.

"It's very clear there is a significant anti-Helms constituency in the state, that appears to be growing," said Anita Dunn, spokeswoman for the Democratic Senatorial Campaign Committee.

Two men are locked in a tight runoff primary for the chance to run against Mr. Helms: Harvey Gantt, the former mayor of Charlotte, who was the first black to lead that majority-white city, and Mike Easley, a district attorney from Southport, who is campaigning as a tough drug foe.

But while Mr. Gantt and Mr. Easley debated taxes and other issues this week, Mr. Helms entered the fray with a wave of television and radio advertising attacking both Democrats.

A spokesman for Mr. Helms said he was simply responding to months of criticism from the Democrats.

In California, much of the attention has focused on the hard-fought race for the Democratic gubernatorial nomination between John K. Van de Kamp, the attorney general, and Dianne Feinstein, the former mayor of San Francisco.

On the Republican side, Senator Pete Wilson was spared a tough battle for the nomination, giving him the luxury of hoarding his resources for the general election.

But Californians will also vote on two ballot measures Tuesday that could have extraordinary impact on the map-making exercise known as redistricting, when new lines are drawn for state legislative and congressional seats after the census.

Both measures would dilute the state legislature's power over redistricting; both are supported by the Republicans, who complain they are perpetually cheated in redistricting, and opposed by the Democrats, who control the legislature.

Mary Matalin, chief of staff of the Republican National Committee, said, "Clearly, they want to replicate the level of gerrymandering they've grown accustomed to."

Because California is the largest state, with the largest congressional delegation, which will only grow after the 1990 census, a major shift in the partisan makeup of its delegation would alter the balance of power in the House.

Democrats now have a formidable edge in the state delegation, with 27 of the 45 seats.

One of the great unknowns in Election 1990 is whether the abortion issue will stay as powerful as it was in 1989, when support for abortion rights was considered an important ingredient in Democratic victories in the New Jersey and Virginia governors' races.

But in Iowa, where Democrats are choosing a nominee to run against Governor Terry E. Branstad, the politics of abortion have grown increasingly complex.

The National Abortion Rights Action League is intent on beating Attorney General Tom Miller, who opposes abortion. But there are two candidates in the race who support a woman's right to have an abortion: Don Avenson, the Iowa house speaker, and John Chrystal, a banker long active in politics.

The abortion rights group chose to endorse Mr. Avenson, a risky decision, since the race is considered close and the group could be confronted with the victory of an irritated ally, Mr. Chrystal, or the victory of an outraged foe, Mr. Miller.

French Mayors Protest An Undrivable Highway

Reuters

SAINT WAAST, France — Village mayors boycotted the opening ceremony of a new road made useless because a bridge over it is too low. The ceremony was attended by Transport Minister Michel Delebarre.

The road was built to enable heavy trucks to bypass 16 villages in northern France, but at least one bridge is too low, so most trucks still take the old route. Officials had no immediate explanation.

AMERICAN TOPICS

New Products on Trial: Stores Fine the Losers

A record 12,000 new food products were introduced in U.S. supermarkets last year, The New York Times reports. But grocery wholesalers and retailers say that more than 80 percent of all new offerings fail to catch on — and the expense of introducing them reduces profit margins that already are razor thin and increases prices of products that do sell.

Now, some grocers want manufacturers to pay a "failure fee" if a product does not sell an agreed-upon number of units within six months. Last year J.M. Jones Co., a regional wholesaler based in Urbana, Illinois, introduced the first such contract. It is still in the trial stage.

A host of factors has driven the product explosion — foods that are microwavable, or packaged in one-serving portions, or fat-free, or salt-free, or any combination thereof.

Wholesalers and retailers say the manufacturer should do more market research, instead of using supermarket shelves to test products in a "live" setting.

"The test-marketing corner is the first one to be cut," says Beth Minton, a new-products consultant with Sterling Rice Group in Boulder, Colorado. But manufacturers say a product failure costs them a great deal more than it costs retailers: up to $30 million to introduce a product nationwide.

Still, there are signs that the rumbling over failure fees is being taken seriously. Arthur R. Schulze, vice chairman of General Mills Inc., says, "It quite possibly may no longer be appropriate or desirable for a manufacturer to introduce the 35th line extension of pound cake."

Short Takes

Many engaged couples are asking for donations to a favorite charity in lieu of wedding presents. Bride's magazine says the nearly 2.4 million U.S. weddings a year cost an average $13,000. Many are of previously married people who had a surfeit of gifts the first time around, and come to the altar with well-stocked homes and bank accounts. "There are still lavish weddings," said Marcy Blum, a professional wedding planner, but more people "are trying to have some level of social consciousness."

The American Police Hall of Fame has moved from cramped quarters in North Port, Florida, to a more spacious site in Miami, The Washington Post reports. A marble memorial is engraved with the names, ranks and department affiliations of more than 3,400 American law enforcement officers killed in the line of duty. A display of 10,000 police artifacts includes uniforms, badges, weapons, bulletproof vests, motorcycles, patrol cars, a reconstructed gas chamber and an electric chair, disconnected.

A growing number of large health-care plans are asking patients to grade their doctors on such matters as how long the patient is kept waiting in the office, whether the doctor can be reached at night or on weekends, listens carefully as the patient describes symptoms and explains the treatment in terms the patient can understand. A growing number of the plans use the grades as one criterion in paying the doctors. Not surprisingly, The New York Times reports, many doctors say this is a bad idea.

Arthur Higbee

Beverly Shilling/The Associated Press

SURVIVORS — Justin Sharp, 4, holding a kitten found near the wreckage of his grandmother's home in McCamey, Texas; he and relatives hid under a couch when a tornado struck. Elsewhere during the weekend, tornadoes and high winds killed one person in Illinois and eight in Indiana.

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THE SUMMIT: At Camp David, it was tranquil and informal, if you didn't count the nuclear "footballs."

The Good Chemistry at Camp David Included Sorrel Soup

By Maureen Dowd
New York Times Service

WASHINGTON — The scene at Camp David on Saturday morning was tranquil and informal, if you did not count the two Marines in fatigues frantically swabbing the landing pad, or the 14 Marines in dress blues with rifles and Soviet and American flags, or the dozen sailors in dress whites standing at attention, or the swarm of security people, or the Soviet and American aides carrying the coded signaling devices for blowing up the world.

"Totally relaxed environment for today," President George Bush said with a grin. This suits Mr. Bush, who is never more at ease than when he can play the gracious cruise director of international politics.

Since the day was billed as a private visit, Mr. Bush refused to bring White House image directors or film crews with him. The president took on the roles of host, advance man and golf-cart chauffeur.

As soon as the party of U.S. and Soviet officials arrived on four Marine helicopters, Mr. Bush began arranging the principals for a picture. He put President Mikhail S. Gorbachev on the far left, then Mrs. Gorbachev, then himself, then Mrs. Bush on the far right.

When Mrs. Gorbachev tried to walk over to the other side of her husband, Mr. Bush reached out with his long arm and yanked her back to the spot he had designated.

When Mr. Bush tried to ignore reporters' questions about the discussions set for Saturday, the press, accustomed now to getting better answers from the Soviet president, swiftly turned to Mr. Gorbachev.

Gennadi Gelpcrin/Reuters-UPI
President Gorbachev briefly piloted a golf cart, but President Bush did most of the driving.

REPORTER'S NOTEBOOK

"The most important thing we're going to discuss today," he replied, "is to go over the planet and its hot spots — in other words, to discuss regional issues."

□

Although it was hard to imagine how the two men could unwind while discussing the intractable problems in Afghanistan, the Middle East, India, Pakistan, and the Germanys, Mr. Bush seemed determined.

After suggesting that he and Mr. Gorbachev might walk on one of Camp David's "lovely trails," he shepherded everyone off to the waiting golf carts. He and Mr. Gorbachev climbed into one, while their wives took another.

Perhaps recalling how much Leonid Brezhnev loved speeding around the narrow roads of Camp David in the new Lincoln Continental that he had been given by President Richard Nixon, Mr. Bush asked Mr. Gorbachev, "Do you want to drive?"

When the staid Soviet leader demurred, Mr. Bush barked: "Forward, march!" and thrust out the appropriate hand signal for all golf carts to proceed into the woods and to the log cabins beyond.

Shortly after the golf carts disappeared into the greenery, Mrs. Bush came zooming back in her cream-colored cart. She flashed a smile and beckoned invitingly. Reporters raced forward eagerly.

The first lady looked past them. She was gesturing to Ranger, son of Millie, an English springer spaniel that belongs to one of the Bush grandchildren.

With Ranger in tow, Mrs. Bush turned her cart around and headed back to the lodge, leaving the reporters panting on the tarmac.

□

Mr. Gorbachev is not fond of helicopters, and it took some persuading by Mr. Bush to woo him into Marine One for the trip to the presidential retreat, 55 miles (90 kilometers) northwest of Washington.

"He has not liked helicopters in the past," a White House official conceded. "But he has great confidence in American helicopters."

Presidential advisers dismissed questions about whether it breached some security rule for the two leaders to fly on the same chopper. After all, Mr. Bush and Vice President Dan Quayle do not fly on the same plane or helicopter.

Sitting innocently beside the two presidents in the upholstered Sikorsky helicopter was Major Bruce Caughman of the air force, who had "the football" strapped to his wrist.

"The football" is a nickname for the ominous black attaché case containing the portable coding device, always by the president's side, that can be used to launch nuclear missiles.

Mr. Gorbachev had a bodyguard with him on the helicopter as well who presumably was in charge of the Soviet "football." Asked if they had brought one along, a tight-lipped Soviet press spokesman replied: "Yes."

□

From the personal chemistry point of view, the summit was officially a success at high noon Saturday. That is when Mr. Bush finally persuaded the meticulous Mr. Gorbachev to loosen up and shed his suit jacket as the two sat chatting with Secretary of State James A. Baker 3d and Foreign Minister Eduard A. Shevardnadze on the veranda of Aspen Lodge.

Mr. Bush had a little help from nature. It was sunny and warm. And he had a little help from the chef, who served hot sorrel soup for lunch.

□

Camp David is a navy installation, and military etiquette applies for arrival ceremonies. When you land by helicopter, a navy officer rings a silver bell to "pipe you aboard."

For this summit meeting, the ship's bell is from the USS Endicott, a World War II destroyer that, ironically, was part of the convoy that took Roosevelt to the meeting with Stalin at Yalta.

□

After the official signing ceremony in the East Room of the White House on Friday evening, Mrs. Gorbachev came over to Mrs. Bush, smiled, and took her hand. The two first ladies, still holding hands, then walked out of the room and down the hall to a sitting room where their husbands were waiting.

"That's the way women do it in Europe," a presidential aide explained.

While they are proud of how well the sometimes prickly Mrs. Gorbachev and the always diplomatic Mrs. Bush got along, White House officials cannot quite decide what it all means.

"It either shows that the two nations have come a long way in a short time," mused one White House official. "Or, that Mrs. Bush can get along with anyone. Or, that Nancy Reagan was just as difficult as people thought she was in the first place."

David Valdez/Reuters-UPI
Barbara Bush pointing out the sights to Raisa Gorbachev.

GORBACHEV: *Anchoring Summit Image as New Rapport Emerges*

(Continued from Page 1)

said the issue would continue to dominate superpower relations for months as Mr. Bush tries to persuade Mr. Gorbachev that U.S.-Soviet cooperation is both possible and vital in managing security issues arising out of reunification.

But U.S. officials emerged from the White House talks without a clear sense of the priority that Mr. Gorbachev places on the German issue as he confronts economic problems and political challenges at home.

The Soviet president was noticeably distracted during the conversations and not as well prepared for them as he was for his meeting with Mr. Bush in Malta or in his meetings with former President Ronald Reagan, a participant said.

"He was still as confident and dynamic as ever," this source said, "but he did not display the grasp of detail and of the general subjects that we have come to expect. And there seemed to be a large gap between the political level and the advisers in the Soviet delegation."

The political level — essentially Mr. Gorbachev and Foreign Minister Eduard A. Shevardnadze — repeatedly voiced flexibility and eagerness to push ahead in the Vienna talks on conventional forces in Europe. They surprised the Americans, for example, by accepting with little discussion a U.S. proposal to condition the holding of the 35-nation meeting of European leaders that Mr. Gorbachev has proposed on a successful conclusion of the talks in Vienna.

But Soviet Foreign and Defense ministry officials in the delegation emphasized problems rather than possibilities when they spoke to their American counterparts. At one meeting of the delegations, Mr. Gorbachev appeared to react with surprise when a Soviet official outlined Moscow's toughened, negative stance on the U.S. "open skies" proposal, calling for both sides to conduct mutual aerial reconnaissance.

In the two and a half hours of White House discussions devoted to Germany and European security issues, Mr. Gorbachev did not advance beyond his proposal for German membership in both alliances, repeating his reference to two anchors and asking Mr. Bush to understand the difficult political problems that German reunification poses in Moscow.

He did not raise the idea that Moscow might accept a reunified Germany joining the political arm of NATO as long as the Germans stayed out of the alliance's integrated military command — "the French model" of NATO membership that Mr. Gorbachev referred to in a Moscow press conference on May 25. Nor did he seek assurances that special limitations would apply to the size of a united Germany's armed forces.

The U.S. delegation had been prepared to reject both ideas but saw no point in raising them when Mr. Gorbachev did not. U.S. officials also were struck that Mr. Gorbachev did not repeat in the White House talks the irritable, defiant warnings against any attempts to "dictate" to the Soviet Union that he made in Ottawa just before he flew to Washington.

SUMMIT: *A Gap Remains*

(Continued from Page 1)

tion in the United States, it would be "extraordinarily difficult" to grant Moscow preferential trading status while the Soviet economic embargo of Lithuania remained in effect.

But on Sunday, the president said that his only criterion for sending the trade agreement to Congress was a pending Soviet law liberalizing emigration, final passage of which has been delayed.

Mr. Bush insisted that he was not retreating from his commitment to support "self-determination" for the Baltic republics. U.S. concern over Lithuania "is one of the thorns in the side of an overall relationship. We've always had a difference on this," he said.

"I signed the trade agreement because I am convinced that it is the best interest to the United States," Mr. Bush added. Asked if he had obtained any assurances from Mr. Gorbachev that the embargo against Lithuania would be lifted, he said, "No, there have been no such assurances."

Mr. Gorbachev was prompted by a question on Lithuania to deliver a firm defense of his actions, as he had throughout the summit talks. He suggested that there could be some long-term flexibility in the way Moscow approached the various republics, and hinted at a solution to the current impasse, saying that a Federation Council would convene in a few days to discuss relations between Moscow and the Soviet republics.

But he strongly rejected what he described as a more sudden and "unconstitutional" approach taken by the Lithuanian leadership, which unilaterally declared independence on March 11.

Ted Fink/The Associated Press
GORBACHEV SUPERSTAR — Two residents of Palo Alto, California, seeking tickets to President Mikhail S. Gorbachev's appearance Monday at Stanford University, where 7,000 students, faculty and staff members have been randomly selected by computer to greet him. Mr. Gorbachev is also scheduled to meet with former President Ronald Reagan while visiting the San Francisco area.

"I'm not asking the president to come over to us and bring order into our house," Mr. Gorbachev said, "but I keep saying that President Bush would have resolved an issue like this within 24 hours, and he would have restored the validity of his constitution within 24 hours on any state." The remark won laughter from the audience, which included high-ranking U.S. and Soviet officials as well as journalists.

"We are anxious to see this issue resolved," Mr. Gorbachev added, but "in such a way as everybody's interests would be taken into account, and within the constitution's framework."

Mr. Gorbachev and Mr. Bush were questioned about the controversy surrounding Soviet Jewish emigration to Israel.

Mr. Gorbachev said that if Israel did not listen to Arab complaints about settlements in the occupied territories, Moscow might "postpone issuing permits for exit."

On Germany, the two leaders appear to have made little substantial progress. "I'm not sure we narrowed" the differences, Mr. Bush said. He said he had justified the U.S. position that a unified Germany should remain in NATO by telling Mr. Gorbachev that this would be "stabilizing."

While Mr. Gorbachev did not offer any specific Soviet proposals in the news conference, he made it clear that Moscow feared being isolated with a unified Germany in the Western alliance.

Mr. Gorbachev said that any plan that would isolate either superpower would be "doomed."

"It would be doomed in the sense that it would be difficult to put into effect," he said.

ISRAEL: *Soviet Warning*

(Continued from Page 1)

immigrants coming to Israel have full freedom of choice where they want to live, and it is a fact that less than a half of a percent chose to live in these areas."

"I think the Soviet Union does not know the facts and doesn't know that we are speaking here about a few hundred people," Mr. Pazner added.

Despite the public criticism on the settlement issue from both Mr. Gorbachev and President George Bush, Israeli officials deliberately muted their reaction here in an effort to head off a major diplomatic spat.

Mr. Bush, with Mr. Gorbachev at the news conference ending the summit meeting, reiterated U.S. opposition to further settlements in the occupied territories.

"I will try to persuade the government of Israel that it is counterproductive," Mr. Bush said.

Mr. Bush said "we oppose settlements in territory beyond" the areas captured by Israel as a result of the 1967 Middle East War.

Both Mr. Shamir and Foreign Minister Moshe Arens refrained from responding publicly to the remarks, and officials here said privately they thought Mr. Gorbachev was merely seeking to appease Arab states that have been campaigning to restrict Soviet immigration to Israel.

However, one senior minister, Ehud Olmert, reacted sharply to the statements from Washington. "If President Gorbachev is looking for an excuse for a decision he has already taken to stop immigration, then let's call his bluff," he said on the Israeli radio.

"Because he knows and President Bush knows that we have no policy of settling Jews in Judea and Samaria and Gaza. I hope this statement is just lip service to appease the pressures coming from Arab countries."

Though Israeli officials maintain that only a few hundred of the more than 40,000 Soviet Jews who have arrived here so far this year have joined Jewish settlements outside Israel's 1967 borders, the figures do not include thousands of immigrants who have moved to new Jewish neighborhoods in Arab East Jerusalem.

Israel annexed East Jerusalem after the 1967 war and does not consider it occupied territory.

Until now, officials here said, the Soviet government has steadily expanded the flow of Soviet Jews out of the country to Israel despite strong protests from the Arab world.

The sole concession Moscow has withheld has been the opening of direct air flights between Moscow and Tel Aviv.

And Now for Some Business

In U.S. Heartland, Gorbachev Seeks American Expertise

The Associated Press

MINNEAPOLIS — After four days of superpower summitry, President Mikhail S. Gorbachev swept into the Midwest on Sunday.

The Soviet leader and his wife, Raisa, landed in Minneapolis in the early afternoon amid heavy security, a steady drizzle and cool temperatures.

"All of us are very excited to have you," Governor Rudy Perpich said.

Mr. Gorbachev stopped for a few moments to shake hands with the cheering crowd, made up mostly of the families of local dignitaries. Some waved white handkerchiefs — "Gorba-chiefs."

A block from the governor's mansion, the Gorbachevs stepped from their limousine and walked, waving and shaking a few more hands. Most people shouted "welcome," but a few carried Lithuanian, Estonian and Latvian flags.

Mr. Gorbachev then went in to lunch with Mr. Perpich and others, including the British publisher Robert Maxwell and Whitney MacMillan, chairman of the Minnesota-based grain-exporting company Cargill Inc., a major private trading partner of the Soviets.

After a six and a half hour stay in in Minneapolis, the Gorbachevs were due to go on to San Francisco, the last stop on their American tour.

Tired and behind schedule, the Soviet leader canceled a planned visit to a dairy farm. He had left Washington earlier Sunday after wrapping up his summit meeting with President George Bush.

The preoccupation with international matters was left behind in Washington. In Minneapolis and San Francisco, Mr. Gorbachev planned to focus on how American practices might be used to help rescue the lumbering Soviet economy.

Minneapolis was festooned with red ribbons and welcome signs in Cyrillic to greet the Soviet leader.

Mr. Gorbachev blocked out time during the visit to renew old business ties and forge new ones. At an afternoon meeting, he was to mingle with 145 farm experts, bankers, industrialists, food processors and manufacturers representing such Fortune 500 firms as IBM, Sears, Cargill, AT&T, Honeywell and the Big Three automakers.

Advanced computer technology is an area in which the Soviets hope to make great leaps in a short time, and Mr. Gorbachev was including a visit to Control Data Corp., which is producing computers for the Soviets to improve nuclear power plant safety.

His itinerary also included a motor tour of the Twin Cities — Minneapolis and St. Paul. Mrs. Gorbachev planned to visit a local family.

Nikita S. Khrushchev was the last Soviet leader to venture into the nation's heartland.

For those who were disappointed that they would not get close enough to Mr. Gorbachev to stage their own minisummit, an entrepreneur offered to tape a message and mail it to him — for $10.

Not all were so enthusiastic.

"I don't understand the adulation," said Martha Anderson, president of the Ukrainian-American Community Center in northeastern Minneapolis. "This is still a man who represents a regime that starved, tortured and killed many, many people."

Minnesota has emphasized its common bond with the Soviet Union. Both have mining and farming areas, frigid climates and a common heritage: Many East Europeans settled in the Iron Range in the northern part of the state.

In Mr. Perpich's letter of invitation delivered Feb. 26 to the Soviet ambassador in Washington, he noted that the Twin Cities had much of what might interest the Soviet Union: corporations that are leaders in medical technology, computers, microelectronics, agriculture, health-care and financial services.

He also said many Minnesota companies were "very interested in developing business ties" with the Soviet Union and could provide management expertise as well.

The state trade office says that more than 35 Minnesota companies are doing business with the Soviets. Control Data, a company for which Mr. Perpich once worked, sold the first large computers to the Soviet Union in 1968.

The trip by Mr. Gorbachev, who has been to New York and Washington in earlier visits, marks the first extended tour of the United States by a Soviet leader since Leonid I. Brezhnev visited in 1973.

TRADE: *Contracts Plunge as Soviet Unpaid Bills Rise*

(Continued from Page 1)

C. Itoh & Co. Ltd. "The Soviet Union doesn't have anything to export, any excess products. And for importing, they don't have any hard currency. We are very pessimistic."

A senior Foreign Ministry official added: "Our businessmen are trying very hard to honor existing contracts, but they are not prepared to enter into any new contracts."

Japanese officials are expected to weigh the outcome of Mr. Gorbachev's meeting with the South Korean president, Roh Tae Woo, on Monday in San Francisco.

For Mr. Roh, the meeting has been viewed as a backdoor approach to improving relations with North Korea. For such reasons, South Korea is considered ready to help the Soviet Union economically, even if it does not make sound business sense.

The Soviets, while eager for Korean loans and trade, are believed to be playing their "Korean card" in part to goad the Japanese, with an economy far larger and more technologically sophisticated than South Korea's, into expanding business ties. But while some Japanese worry that the South Koreans could get a competitive edge in Soviet trade, most are not taking the bait.

Adrian Tschoegel, chief economist in Tokyo for Swiss Bank Corp. International, said that although the Soviets' recent inability to pay their bills may result partly from bureaucratic snafus, the delayed payments have focused Japanese attention on long-term risks.

"The more serious problem is that the cash-flow problem could be permanent," Mr. Tschoegel said. "If the Soviet Union collapses into its separate republics, who's liable? Who do you collect from? The Byelorussians? The Russians? The Ukrainians? It's sort of the ultimate in political instability.

"Sure, the Japanese want to sell, but they want to get paid, too."

The pessimism about trade comes against a backdrop of chilly political relations that have been singularly untouched by the enthusiasm for Mr. Gorbachev that has swept much of the Western world.

Japan and the Soviet Union never signed a peace treaty after World War II because the Soviets occupied four Kuril islands under the Yalta agreement that Japan claims as its own. Japan had taken possession of the whole chain in 1875; it had been settled by the Russian Empire in the 17th century.

Under Mr. Gorbachev, the Soviet Union has pressed Japan to improve economic ties before resolving the dispute.

The Soviets want Japanese help in developing the vast natural resources of their Pacific region, but Japan has linked economic ties to recovery of what it calls its "northern territories."

That position continues to put a damper on economic cooperation, according to Tetsuo Sato, chairman of the Japan-Soviet Trade Organization.

Last year, Japan-Soviet trade exceeded $6 billion, close to a record high, and Japanese firms promised chemical plants, factories and other investments. But even that figure — minuscule compared to Japan's global trade of $486 billion — is unlikely to be matched this year or in the near future, Mr. Sugahara said.

He said that C. Itoh and other Japanese trading firms planned to maintain their presence in Moscow, even though it may be unprofitable now, because of their long-term perspective.

Mr. Sato and a high Trade Ministry official visited Moscow recently to try to sort out the bill-paying problem. Soviet officials said the problem resulted from recent decentralizing measures that have left officials confused about their responsibilities — and not from a lack of money.

Pledge for Ethiopian Aid And Peace Commitment

The Associated Press

CAMP DAVID, Maryland — One outcome of the summit talks on regional conflicts was a joint statement promising to work together to expedite food aid to Ethiopia, with U.S. food transported on Soviet aircraft, and seeking UN auspices for an international conference to spur peace talks.

Here are extracts of a joint statement:

"The U.S. and U.S.S.R. discussed relief requirements and the prospects for the political solution to Ethiopia's internal conflict. They welcome the Ethiopian government's agreement to permit relief food to enter northern Ethiopia through the Port of Massawa under a UN-sponsored relief effort.

"In addition, to deal with the growing problems of starvation, the U.S. and the U.S.S.R. are prepared to work together and combine their assets. U.S. food will be transported on Soviet aircraft to demonstrate our joint commitment."

"The U.S. and U.S.S.R. will support an international conference of governments under the auspices of the UN on settlement of conflict situations in the Horn of Africa."

BALTS: *Can the Gorbachev Glow Travel Home, to Where the Republics Are Restive?*

(Continued from Page 1)

in any way arrest the Soviet Union's steady retreat from world influence or the inexorable unraveling of the domestic order.

In the formerly obedient Soviet press, the White House signing ceremony and Camp David golf-cart driving competed for front-page attention with stripped grocery shelves, death in Armenia, and the leader of a budding Russian mutiny, Mr. Yeltsin.

Mr. Yeltsin was conducting his own summitry with the Baltic secessionists of Lithuania and Estonia. The Lithuanian president declared that an inter-republic trade deal was in the works that might circumvent Moscow's economic sanctions against his Baltic state.

Thus while Mr. Gorbachev was trying to explain in Washington his plan for a rebuilt Soviet federation, allowing various degrees of freedom to the 15 constituent republics, the unruly republics seemed to be negotiating their own new federation in the Soviet president's absence.

The most tangible trophy Mr. Gorbachev takes home for his consumers is a trade agreement, which is a symbol of momentum in Mr. Gorbachev's quest for Western economic help. Transforming that symbol into sausage, however, will not be easy.

First, in order to get the agreement through Congress, Mr. Gorbachev must see an emigration law through his own parliament.

The emigration measure is considered a sure thing, but the costs have just recently begun sinking in. The free emigration envisioned by the law is expected to accelerate a huge drain of Soviet talent and foreign currency.

Second, though Mr. Bush no longer links trade relations to the fate of Lithuania, Congress may.

And third, enactment of the law will not remove the biggest barrier to increased Soviet-American trade: the fact that the Soviets produce little that Americans want to buy, and cannot afford what America sells.

On the most contentious outstanding issues of Soviet foreign policy — arms control, regional issues, and the critical question of Germany's future — the two leaders seem to have found that personal rapport that Mr. Bush prizes so highly in his dealings with foreign leaders, but they did not close any of the great gaps that remain on points of substance.

The stalemates on the treaties to cut long-range nuclear weapons and conventional forces in Europe remained unbroken.

On arms control, Mr. Gorbachev found himself up against a resurgence of the American conservatives, who have pressed Mr. Bush to insist on further concessions regarding Soviet heavy missiles and bombers. Mr. Bush insisted.

The one foreign-policy area where the summit meeting may ultimately pay off big for Mr. Gorbachev is in the design of the post-Cold War order of Europe, especially the question of whether a reunited Germany will be integrated militarily into the North Atlantic Treaty Organization.

The Bush administration seems to understand how badly Mr. Gorbachev needs assurances that the new Europe will not leave the Soviet Union feeling isolated and threatened.

Mr. Gorbachev seemed, at the end of his visit, to feel that the Americans appreciate his predicament. That kind of mutual trust could ultimately prove vital in working out a solution that accommodates Soviet psychology and saves face for Mr. Gorbachev.

Asked on the eve of the summit meeting what Mr. Gorbachev most wanted from America, one presidential confidant, Yevgeni M. Primakov, replied without hesitation: "Understanding."

In Washington, Mr. Gorbachev got what he wanted. The question is whether he can take it home.

INTERNATIONAL STOCK MARKETS IN THE IHT EVERY TUESDAY.

THE SUMMIT: As expanded trade with Moscow becomes a Washington issue, a U.S. company wins Soviet exploration rights.

Chevron Gets Oil Rights

Company Seeks Production Deal

By Stuart Auerbach
Washington Post Service

WASHINGTON — The Soviet Union has granted the Chevron Corp. exclusive rights for exploration and development of its largest newly discovered oil field, a region near the Caspian Sea with reserves estimated to be two and a half times greater than those of the Alaskan North Slope.

Richard Matzke, president of the Chevron subsidiary dealing with the Soviets, called the 23,000 square-kilometer (8,900 square mile) Tengiz oil field "one of the most significant oil provinces in the world."

He added that putting it together with the nearby Korolev field, which the San Francisco-based company is already exploring, increased the chances of Chevron becoming a major producer and distributor of the Soviet Union's vast oil resources.

But the exploration agreement, signed Saturday in a ceremony at the Soviet Embassy, stopped short of establishing a joint venture between Chevron and its Soviet partners that would sell oil and provide badly needed hard currency for Moscow.

"If our investigation is positive, and if both sides decide to proceed, we would hope to get on with production as quickly as possible," perhaps within two and a half years, Mr. Matzke said.

Chevron has spent the last three years seeking oil sites in the Soviet Union and finally settled on Korolev, which is 13 kilometers (8 miles) from Tengiz in arid western Kazakhstan, near the northeast corner of the Caspian Sea.

Mr. Matzke said that field was so small and the environmental concerns so great that it made economic sense only if Tengiz was developed along with it.

As recently as two weeks ago Edward Scott, Chevron vice president, put the odds on developing Korolev alone at about 50-50.

Mr. Matzke said the addition of the much larger Tengiz field greatly increased the chances of a deal. The Soviets, however, were reluctant to turn over the development of their largest new oil field to a foreign operation.

"It is so valuable that we never thought we could get it," said James H. Giffen, president of the American Trade Consortium, a group of six U.S. companies seeking deals in the Soviet Union.

Chevron is the member whose oil sales would provide the hard currency to make deals profitable for the other companies.

Mr. Giffen said the trade consortium had a number of joint ventures on hold, waiting for Chevron to complete its own joint venture.

IBM, meanwhile, signed an agreement Saturday to sell 13,000 personal computers to Soviet schools with shipments set to start in September.

The sale was made possible by new rules that allow the sale to the Soviet Union of more sophisticated computers. The deal could be worth as much as $25 million to IBM.

Trade Pact: Bush Rules Out Lithuania Link, but Congress Wants One

New York Times Service

WASHINGTON — Members of Congress are warning that congressional approval of an agreement expanding American trade with the Soviet Union would hinge on President Mikhail S. Gorbachev's willingness to end Moscow's economic crackdown on Lithuania.

The trade agreement, which paves the way for granting the Soviet Union preferential trade terms, was one of the accords signed on Friday by President George Bush and Mr. Gorbachev.

Its implementation would begin a process of normalizing commercial and economic relations between the two countries for the first time in half a century.

The trade pact, if approved by Congress, would clear the way for much lower tariffs on Soviet products, according them most-favored-nation treatment, while expanding U.S. business opportunities in the Soviet Union.

The fact that the accord was signed suggests that Mr. Bush received assurances from Mr. Gorbachev on the issue of a law on free emigration that has yet to be approved by Moscow.

Early last week, Mr. Bush had said that the trade agreement was "not on the table" because the emigration law had not been passed.

Asked Sunday during his press conference with the Soviet leader about his current position on the matter, Mr. Bush said that he would not submit the trade accord to Congress for approval until the Soviet law had been adopted.

But he also made it clear that the trade pact was not linked to Soviet efforts to resolve the Lithuanian independence crisis, and this is the point on which Congress may differ with the president.

Mr. Bush said that most-favored-nation status was "hooked into the emigration law being passed." Pressed to say whether Kremlin movement on the Lithuania was also needed, he said that the only linkage in the trade accord concerned the emigration measure.

"We'll cross that bridge when we come to it," Mr. Bush said of the Baltic crisis. And in a comment likely to heighten concern in Congress, he said that he had received no assurances from Mr. Gorbachev that Moscow intended to lift its economic embargo on Lithuania.

The trade agreement is an important symbolic victory for the Soviet leader, who faces mounting political and economic problems.

"He desperately wants that trade legislation, and whether or not Congress responds is up to him," said Bob Dole of Kansas, the Senate Republican leader.

U.S. lawmakers who met with Mr. Gorbachev on Friday said they expected the Soviet government to move quickly to write into law new policies to ease emigration.

The real difficulty is Lithuania, and there is no agreement on Capitol Hill about precisely what steps Mr. Gorbachev would have to take to satisfy enough members of Congress to obtain approval of the trade pact.

"I think it has to be the beginning of some kind of negotiation on Lithuania, but there is really no way to define it," said Representative Richard A. Gephardt of Missouri, the House Democratic leader. "We're going to know it when we see it."

The most difficult obstacle may be the Senate, where members approved a resolution last month saying that the Bush administration should not submit the trade legislation to Congress until Moscow lifts its partial economic embargo on Lithuania and resumes negotiations on Lithuanian independence.

The author of the resolution, Senator Alfonse M. D'Amato, Republican of New York, told pro-Lithuanian demonstrators on the steps of the the Capitol that both conditions must be met.

"We cannot permit the Soviets to deprive people of their basic human rights," he said. "There will be one serious battle in the Senate unless the economic embargo is lifted."

Mr. Gorbachev has demanded that the Lithuanians follow a new Soviet law on secession that requires approval in a referendum by two-thirds of the people, a transition period and approval of the Congress of People's Deputies.

Leaders of the three Baltic republics say that they were illegally incorporated into the Soviet Union by Stalin in 1940, and that they do not have to follow Soviet laws. The United States has never formally recognized the incorporation of the Baltic republics into the Soviet Union, but it has also not formally recognized them as independent.

In comments to reporters on Friday, Mr. Dole suggested that senators would need "ironclad assurances" from Mr. Gorbachev that he would enter negotiations on independence with Lithuania.

But Senator Rudy Boschwitz, Republican of Minnesota, had other criteria. He said that in his view the preferential trade terms were not "going to be granted as long as they give aid to Cuba and Ethiopia and Cambodia."

"I think that's a very compelling part of the equation," he said.

Although the House has also passed a resolution on Lithuania, it is more general than the Senate's and makes no direct reference to the trade agreement.

Mr. Gephardt said that Mr. Bush made the right decision in signing the agreement and that Congress should approve the legislation even if the situation in Lithuania was not completely resolved when the measure was submitted.

"We can't wait until it's all done," he said. "We have to move on this economic front." He added that approval of the trade legislation would give the United States new power over the Soviet Union to press for a final resolution on independence for Lithuania and the other Baltic states.

"When you open up new economic ties, you gain new strings," Mr. Gephardt said. "If the Soviet tanks roll into Lithuania six months later, you take the trade privileges away, it's a restraint on Gorbachev."

Once Mr. Bush submits the trade legislation to Congress, it is to be considered under special, expedited procedures that limit the amount of time for debate and prohibit amendments.

Mr. Bush still has to waive restrictions imposed by the Jackson-Vanik amendment to the Trade Act of 1974. The restrictions bar most-favored-nation status from countries that place emigration curbs.

Both governments came to terms on a trade agreement during the 1972-74 period of détente. But it was never carried out because of the Jackson-Vanik restrictions.

Because the new accord could spur not only commerce but also the flow of capital and technology, the decision was eagerly sought by Mr. Gorbachev to back his market-oriented economic changes and help him get more food and other consumer goods on store shelves.

Yet it has been almost as avidly desired by U.S. business leaders, who see huge markets in the Soviet Union but shy away from making deals without the seal of approval from Washington that a trade agreement represents.

The Soviet Union is among only 12 countries in the world that do not get the favored trade status.

Soviet products sold in the United States currently bear duties as much as 10 times higher than imports from other countries.

There might not be large short-term increases in trade because the Soviet Union now makes little that Americans want to buy, and has trouble paying for goods it needs from the United States.

But over the next three to five years, U.S. officials think, the current $5 billion in annual trade between the two countries could double or even triple.

Hurdles on Arms: Some Old Missiles From a Cooler Era

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The United States and the Soviet Union may have taken important steps away from the Cold War with understandings on trade and weapons last week, but their efforts to reach final agreement on a new strategic arms accord remain mired in disputes left over from more frigid times.

Progress on the accord has been complicated by two Soviet weapons — the Backfire bomber and the large intercontinental SS-18 missile — that have been the subjects of arguments reaching back more than a decade to President Jimmy Carter's abortive SALT-2 treaty.

Over the years, the weapons have become potent political issues capable of inflaming partisans in each country as symbols of strength and weakness.

Senior U.S. and Soviet military leaders no longer refer to each other as enemies.

The chairman of the joint chiefs of staff, General Colin L. Powell, said recently that the Soviets should be viewed as our "business competitors."

But a U.S. official said there was "still an insufficient sense that we are" in the final phase of negotiations.

"Various interest groups are each side are still protecting their hobby horses, and no one is inclined to shift in the absence of a new message from the top that we want an agreement right now," the official said.

A U.S. official who took part in some of the discussions said "part of the problem is that our counterparts are not in a strong position, and in this business it takes strength to make decisions."

"The events of the last five months have left Gorbachev with little room to maneuver."

No longer do President Mikhail S. Gorbachev and his aides display their trademark flexibility, the official said.

"Now they assert that any compromise will cost them something and they ask, 'Do I have to pay that price and do I have to do it now?' "

More than 40 hours of haggling by experts produced only small gains on four of the five key issues obstructing a new treaty that will trim existing arsenals by 10 to 30 percent.

This would leave each side with

NEWS ANALYSIS

8,000 to 10,000 nuclear warheads capable of striking the other's territory, all of which are designed to explode with far greater force than the weapon that devastated Hiroshima in World War II.

But the SS-18 and the Backfire remained major sticking points.

"These are the crown jewels in the eyes of U.S. conservatives," a senior congressional aide said. "They have been screaming bloody murder about these weapons for a long time."

On the Soviet side, the weapons have also assumed a role in political debate that may exceed their military significance, a Soviet official said.

He noted that a key aspect of the Backfire dispute concerned a potential limit on those bombers assigned to attack U.S. naval vessels in a tactical or strategic conflict.

Why, Soviet officials say, should they agree to limit such bombers when the United States has refused to consider any constraints on its own naval arms, as the Soviets have demanded?

U.S. officials say that when pressed during discussions last week, the Soviets also repeated a longstanding argument that the range of the Backfire is too short for it to be considered a "strategic" weapon.

"Their whole attitude about the Backfire hasn't changed one whit since the 1970s," a U.S. official complained. "We both know we've got a problem to be solved here."

By the end of a special negotiating session involving Foreign Minister Eduard A. Shevardnadze, and Secretary of State James A. Baker 3d, the Soviets were willing to declare that the bomber could not be refueled in flight to give it a long-range attack capability, U.S. officials said.

But they were not willing to accept a limit on Backfires assigned to naval strike units, and the Bush administration considered this "a loophole" that "no one in the West is willing to go along with," an official said.

The administration also pressed unsuccessfully for stringent limitations on SS-18 flight tests needed to maintain the missiles' reliability.

But a U.S. official said the Soviets argued, "Why should we compromise any more? We have already paid enough" by agreeing to halve the number of these missiles, from 308 to 154.

The United States has no missiles of comparable size or weight, and will not be required to take any similar step.

Ron Edmonds/The Associated Press

President Bush and President Gorbachev winning a round of applause at the White House after signing a series of accords, including agreements on arms and trade.

Bonn Socialist Expects Unity Talks to Quicken

Soviet concern about German reunification was a central issue in the Washington summit talks. Karsten Voigt, foreign policy spokesman of West Germany's opposition Social Democrats and a member of the Bundestag, talked to the IHT's Joseph Fitchett about the meeting's impact in the two Germanys.

Q. Did the summit affect the outlook for German reunification?

A. The cooperative spirit between the U.S. and Soviet governments shown at the summit will make it easier to move ahead between the two Germanys. But basically the speed of unity is being decided by East Germans. My guess is that it will accelerate.

I am not hoping for this outcome, it is not my policy, I fear it. But I think it is likely in the autumn after people get back from holidays and discover the situation in East Germany after economic union.

Q. Did you detect new Soviet flexibility about accepting German reunification instead of seeking to delay the process?

A. My impression is that the Soviet leaders are trying to find ways to speed up the settlement. They are looking for an interim settlement, but it can only be "interim" in the sense of phased implementation. We need a solution, including the end of the four powers' rights in Germany, by this autumn. Gorbachev may not have exactly this timetable in mind, but he wants to avoid contradictions between internal developments in Germany and the external

MONDAY Q&A

German settlement, including Soviet relations with Germany.

What is not sure yet is that he fully grasps how developments in East Germany are liable to speed up the process.

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Q. What factors will speed it up?

A. After the economic union next month, there will be unemployment and social dislocation in East Germany, and I fear it will make people there want unification as soon as possible. They will want West Germany, with its economic stability, to take responsibility for them. They will want the right to vote on these policies and no longer to be effectively dependent.

Also, the longer uncertainties continue about Mikhail Gorbachev's position in the U.S.S.R., the more people might worry about a change of Soviet policy in the future. On this point, the summit may have had the effect of building some confidence about the situation in Moscow. But the economic facts are going to be decisive.

Q. Do you detect any softening in the Soviet objections to Germany remaining in NATO?

A. We need now to reassure the Warsaw Pact that Germany will not misuse its new room for maneuver. Germany in NATO should be part of a Europe in which German military power cannot become national again. Germany has equality of rights and obligations with other nations and all countries belong to security organizations whose strategy is defensive. Along this line, we can do lots of things to give Gorbachev security structures that protect Soviet political links to Europe. But none of the multilateral plans he wants can substitute now, as far as Germany is concerned, for NATO.

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Q. Does that mean that Germans object to Soviet calls for a "European security council" to discuss reunification and to suggestions about special limits on German forces?

A. We would be willing to give up as many sovereign rights as other nations, but not more. So we do not want special, extra discussions about German reunification. But there are other things we can do. For example, the German governments could make an offer on military strength, saying that a united Germany will not be militarily stronger than West Germany — meaning that East German forces would be counted against West Germany's ceiling in the Vienna arms control talks.

Q. Is West Germany going to assume the lead in a Western effort to provide economic aid to the Soviet Union?

A. There are two stages here. The Soviets are still not talking about a phased withdrawal of all their forces from East Germany, so it is too early to talk concretely about how much West Germany might be able to help the Soviet Union facilitate that process.

But we are committed to what we call "protection of confidence," meaning safeguarding Soviet economic relations with East Germany. This will be tested strongly after economic union between the two Germanys. Now the Soviet Union is benefiting from about 600 million East German marks' worth of support for their troops. But after the union, that figure will change because, for instance, food subsidies will be ended. Nobody knows what the real cost will be, but we will demonstrate to Moscow that we are sincere in wanting to prevent the Soviet Union from being hurt economically by developments in East Germany.

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Q. Do you believe Mr. Gorbachev is tempted to adopt a policy of trying to get U.S. forces to leave Europe?

A. No, I was told in talks that Egon Bahr and I had with Eduard Shevardnadze that they want to see American troops stay, not as a balance to Soviet forces, but as a factor of stability.

Both Sides See Break On Troops in Europe

Los Angeles Times Service

WASHINGTON — U.S. and Soviet officials say that negotiators have broken a deadlock and moved closer to an historic agreement to slash troop levels and conventional weapons in Europe.

There was no official announcement of the development. But a ranking Soviet official said in an interview, "The stalemate you Americans talked about is over. I don't think any problems remain."

U.S. officials were far more cautious in their assessment. "The deal is not done yet," a senior American official said, but he confirmed that the impasse was broken.

The American official said that substantial progress was made toward agreements on limiting numbers of tanks, destruction of weapons that are taken out of service and the issue of verifying destruction of weapons. Unresolved, he said, were limits on aircraft, probably the most complex topic facing the conventional arms talks.

A U.S. official said that American and Soviet negotiators reached tentative agreements defining classes of tanks and armored vehicles and establishing limitations on them. But he said that nothing could be considered final until the other NATO nations gave their approval.

U.S. Offers Soviets a 9-Point Plan on Germany

By David Hoffman and Don Oberdorfer
Washington Post Service

WASHINGTON — A participant in the White House meeting on Germany and Europe said Mr. Bush set forth a nine-point position that had been carefully worked up in recent weeks in an effort to ease Soviet concern about a united Germany.

Mr. Gorbachev responded with a very general and at times confusing account of Soviet concerns and security requirements about Germany, U.S. sources said. A U.S. official described Mr. Gorbachev's presentation, on the first day of the summit meeting, as "a kaleidoscope of Soviet concerns, fears, hopes and desires, including a lot of contradictory statements that need to be fleshed out."

Ambassador Alexander A. Bessmertnykh presented Assistant Secretary of State Raymond G.H. Seitz on Wednesday with a written copy of a Soviet plan for enhancement of the 35-nation Conference on Security and Cooperation in Europe into a "Greater European Council" that would safeguard borders and help resolve conflicts.

But there was little discussion of the Soviet plan in the Thursday meeting, U.S. sources said. And on Saturday, Mr. Gorbachev again emphasized that the German issue should be addressed in the Two-plus-Four formula involving the two German states and the victorious allies from World War II: the United States, the Soviet Union, Britain and France.

The White House spokesman, Marlin Fitzwater, said both leaders believed that the discussion of Germany on Thursday was "quite productive" in that "they both have a better feel for each other's political and military concerns as it relates to the various alliances."

Much the same thing was said Saturday from the Soviet viewpoint by Valentin M. Falin, chief of the international department of the Central Committee and former Soviet ambassador to West Germany.

Mr. Fitzwater said that after the Thursday discussion, the leaders decided to turn over the matter to Secretary of States James A. Baker 3d and Eduard A. Shevardnadze to discuss next week in Copenhagen at a human rights session of the Conference on Security and Cooperation in Europe and in other meetings. Thus the matter was put on a slow track.

A U.S. participant said the summit meeting was a necessary way station in the evolving diplomacy on Germany, but the real potential for movement will come from continuing efforts involving the United States, West Europeans and the Soviets.

U.S. sources said the nine points presented by Mr. Bush to Mr. Gorbachev were:

- Willingness to consider limitations on armed forces of a united Germany and other nations of central Europe as part of a future treaty reducing land armies and other conventional forces on the Continent. The United States and its allies would like to conclude the current Conventional Forces in Europe treaty now in negotiations without this complication.
- Acceleration of negotiations on short-range nuclear forces in Europe, to follow quickly on completion of the current conventional forces accord.
- Endorsement of transitional arrangements under which Soviet troops now in East Germany could remain there for a number of years.
- Reiteration of pledges that a united Germany would not develop nuclear, chemical or biological weapons.
- Assurances that NATO troops would not be deployed in what is now East Germany, even after reunified Germany joins the NATO alliance.
- Pledges that guarantees would be issued of the inviolability of the current borders of Germany, a matter of prime importance to both Poland and the Soviet Union.
- Willingness to upgrade the Conference on Security and Cooperation in Europe by giving the organization a permanent secretariat and improving its responsibilities and effectiveness.
- Review and revamping of NATO's strategy and force structure to make the alliance less threatening to the Soviet Union and reflect new realities in Europe.
- Approval of economic arrangements between West Germany and the Soviet Union, under which Bonn would pay the cost of maintaining Soviet troops in East Germany for a transitional period.

Thatcher Asks EC Curb On East German Goods

Reuters

LONDON — Prime Minister Margaret Thatcher said Sunday that East German goods should not be accepted into the European Community on the same basis as those from other EC countries after German reunification.

"The East German economy is a Communist economy, highly subsidized, highly controlled, highly bureaucratized and one that doesn't fit into the Community at all," she told the BBC.

TV Puts Gorbachev on Two Spots at Once

The Associated Press

WASHINGTON — Practically all of Mikhail S. Gorbachev's public appearances have been beamed back to the Soviet Union, where his popularity has been falling as economic conditions deteriorate and where his critics have been seeking to take advantage of his absence.

Mr. Gorbachev has been addressing two audiences at the same time, and trying to make sure each got the right message.

In the final minutes of his Washington visit, he was asked by a Soviet reporter at a televised news conference to comment on his political rivalry with Boris N. Yeltsin, the newly-elected president of the Russian Republic.

"I don't think you have chosen the best place for clarifying our internal problems, but *c'est la vie*, as they say," Mr. Gorbachev smilingly replied, as the White House audience laughed.

He then used the opportunity to score a few political points, saying Mr. Yeltsin had recently changed his position on important issues and scolding him with the comment that "this is not a political game."

"Everything will become clear pretty soon what Comrade Yeltsin is after," Mr. Gorbachev said.

From the moment he arrived last Wednesday, Mr. Gorbachev showed his sensitivity to press coverage by calling Soviet diplomats and journalists to the Soviet Embassy to ask how the American press was reporting Soviet affairs.

The answer was mixed.

"We said the American press generally was showing good will, but of course, there were various points of view," said Albert I. Vlasov, chairman of the Novosti Press Agency.

The dual message was most apparent at a breakfast meeting with congressional leaders. He talked at length about rising bread prices and other domestic economic problems — a lecture shown in prime time on Soviet television.

While ostensibly talking to American politicians, Mr. Gorbachev was actually seeking to reassure Soviet workers.

He said in his breakfast talk that the salary of ordinary workers would be cushioned against the price rises.

Herald Tribune INTERNATIONAL
Published With The New York Times and The Washington Post

OPINION

No to Chemical Arms

Call it better living through political chemistry: Instead of building newer and more horrible chemical arms, the United States and the Soviet Union now show the good sense to end this nasty competition. With world television watching, Presidents George Bush and Mikhail Gorbachev pledged on Friday to halt all production of chemical weapons and begin destroying their stockpiles. They did so in the hope that their actions will catalyze talks on a global ban.

The most striking fact about this agreement is that it was reached despite the fact that its terms will be difficult to verify. It shows that the two old adversaries have now developed a measure of trust. It exemplifies what the superpowers can do to meet their real security needs as they move beyond containment to cooperation.

Memories of gas warfare in World War I trenches still cause the strong to shudder. That fear revived with Iraq's poison gas attacks against both Iran and a Kurdish minority within its own borders, its threat to launch chemical-armed missiles against Israel, and reports of a Libyan chemical weapons production facility.

To states like these, chemical weapons are a rough and ready equalizer to the nuclear weapons of technologically advanced countries. And once one country gets them, fearful neighbors may follow.

A 1925 Geneva protocol prohibits use of chemical weapons but not stockpiling and production, and thus not the development and spread of these arms. As long as Moscow and Washington remained in the thrall of the Cold War, their competition displaced a common interest in preventing proliferation. No longer. Friday's accord calls a halt to production of chemical weapons in both countries and commits them to destroying all but 2 percent of existing stocks. Destruction will begin in 1992, to allow time to ready special destruction facilities.

Verification will be complicated. It is tricky to distinguish plants that produce chemicals for weapons from those for pharmaceuticals. But acquiring a militarily significant capability requires many tons of chemical agents, the means to deliver them and troops trained to use them. These activities, at least, are readily detectable.

Stopping proliferation will not be easy. Not all states with chemical weapons are willing to give them up. Their neighbors may thus feel pressure to acquire them. Nor will it help that Mr. Bush insists, at the Pentagon's behest, on retaining 2 percent of U.S. stocks. Industrialized states will have to tighten export restrictions on chemicals and facilities that could be used to make weapons.

Soviet and American experts will be working on these proliferation problems and on new verification arrangements. In the meantime, the two leaders are prepared to fill the holes with budding trust.

Ronald Reagan was fond of the slogan "Trust, but verify." But Mr. Bush and Mr. Gorbachev know that in the face of a common danger, the creeping spread of chemical arms, it makes sense to trust even when they cannot fully verify.

— THE NEW YORK TIMES.

Living in the Greenhouse

Because of the greenhouse effect, this planet is a much warmer and pleasanter place to live than it would be if — like Mars, for example — it had a thinner atmosphere. The greenhouse principle is beyond dispute. It is equally clear that if this planet's inhabitants continue to pour carbon dioxide into the atmosphere, it will grow warmer. Carbon dioxide is the most common of the gases that trap heat, greenhouse-style.

But no one knows with any precision how fast the Earth will get warmer, or whether that increase will make any significant difference in people's lives. A United Nations committee on climate change, in a careful report published in London, undertakes the useful service of sorting out what is certain from what is not. It is certain that the trend is toward higher temperatures. The rate of increase, on the other hand, is very much open to debate. The committee's best estimate is that the average temperature worldwide will probably rise by about one centigrade degree by the year 2025, and by three degrees by the end of the next century. There is a pretty wide consensus behind those figures, but they do not belong to the category of certainties. As these scientists warn, "the complexity of the system means that we cannot rule out surprises."

This committee's report, on the science of global warming, is the first of three. The others will address the consequences and, finally, what is to be done about it.

The first thing to do is plainly to ban chlorofluorocarbons, since they are not only a threat to public health but powerful greenhouse gases as well. It is beyond explanation that President George Bush refuses to support the international plan to get rid of them. He will never have another chance to do as much for the environment at as little cost.

The much harder issue is carbon dioxide, the inescapable by-product of any economy that runs on coal, oil and gas. It is not only the rich countries that generate it. The world leader in carbon dioxide generation is Brazil, thanks chiefly to the huge fires that burn off its forests. To make any significant difference in the volumes of carbon dioxide being loaded into the atmosphere will require deep changes in the economies not only of rich countries that can afford it but also of poor ones that have more urgent things to worry about.

For the present, it would be hard to justify an attempt to make dramatic reductions in carbon dioxide emissions. The costs would be enormous, and disproportionate to the danger. But it is certainly time to get more careful and to start looking for ways to hold emissions down over the years. It is time to begin planning the transition away from coal and oil to greater reliance on solar and nuclear energy. It is time to start talking with the developing countries.

Now is not the time for drastic action, and perhaps there never will be a time. But it is necessary to start thinking hard about humankind's oldest servant, fire, and the changes that it now promises to impose on the next century's climate.

— THE WASHINGTON POST.

Reprieve for Beijing

George Bush knew he would draw criticism at home for proposing, despite Beijing's violations of basic human rights, a 12-month renewal of China's commercial access to U.S. markets. But in return he must surely have expected gestures of reconciliation and goodwill. Instead, Beijing's answer is cynical and cruel: kind words for Mr. Bush and new repression for its suffering people.

It makes good policy sense to keep trade doors open to sustain China's reform-minded export regions. But the president's frustrating refusal to talk tough to Beijing has again backfired, adding fresh fuel to domestic criticism and setting back human rights in China. This Monday's first anniversary of the Beijing massacre is the perfect occasion for Mr. Bush to stop mincing words.

Until the president's May 24 announcement, Beijing worked hard to improve its image. It released political prisoners, lifted martial law in Tibet and revived talk of economic reform. But once Mr. Bush came out for renewal, China changed its tune. Prisoners were rearrested for minor offenses. Executions resumed. China bullied neighboring states into preventing political broadcasts from the Goddess of Democracy, a ship in international waters.

China says it ignores foreign critics and takes advice only from those who pay it court. But a decade of economic reform has made Beijing more sensitive to international opinion. Today's China depends on its external economic relations and cannot afford to ignore outsiders. Humanitarian arguments may not move Beijing to treat its people decently, but commercial arguments can. That confers powerful leverage on the United States. Mr. Bush has refused to use it, even after the harsh responses to his conciliatory approach. Yet China's concern about possible suspension of its U.S. trade privileges brought modest concessions.

For now, continuing those privileges remains the best way to encourage Chinese democracy — but not indefinitely or unconditionally. Congress has 30 days to review Mr. Bush's decision. It can make a constructive contribution by going along with this year's extension but making it plain to the Chinese that America insists on demonstrable human rights and foreign policy progress before consenting to future extensions.

That progress should include a full accounting of all remaining political prisoners; freedom of emigration; the ending of arms shipments to the Khmer Rouge in Cambodia and of shipments of advanced weapons to the Middle East.

Beijing's insulting responses to Mr. Bush require response, and not just by Congress. The administration needs to spell out what will be needed to sustain longer-term economic cooperation. Mr. Bush is the right spokesman, and the Tiananmen anniversary is the right time.

— THE NEW YORK TIMES.

Other Comment

Failed Policy, Blowing Fuses

With the latest outbreak of violence in the occupied territories, the previous relatively bloodless phase of the intifada has come to an end. So much for the Israeli government's policy of the judicious use of violence, which after two and a half years has yielded no positive results. On the contrary, as leading Israel politicians during these years have consistently sought to avoid committing themselves to negotiating directly with the Palestinians, the impression of hopelessness has grown on both sides. The fact that fuses are now blowing on the Israeli side as well will hopefully be taken as a warning by those politicians who are presently so busy jockeying for positions in the next government.

— Neue Zürcher Zeitung (Zurich).

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Five Doses of Strong Medicine To Cure the Soviet Economy

By Flora Lewis

WASHINGTON — The summit conference has made a good start on a new era of relaxed relations between the two superpowers, neither of which feels so super anymore. Both President George Bush and President Mikhail Gorbachev will no doubt be accused by critics of giving away too much to the old enemy. But the real point is how much they and the world stand to gain from ending ideological confrontation and shifting attention to economic and social problems.

Of course, Mr. Gorbachev's are much worse. What he essentially needs is to concentrate on domestic issues. The strength that matters now is what Mr. Bush calls "the vision thing." Everybody is asking, "Can he make it?" The answer is that it depends on him. He has the power, but he needs a great reservoir of yet more daring and insight.

It is evident now that he never foresaw how far he would have to go when he launched his reform ideas, and he still has not accepted the underlying implications, as the new Polish government has. So far, he and his country have been tearing down the old without building the new. But, as one of his advisers said at a press conference, "It takes a popular government to impose unpopular measures."

There is a lack of legitimacy now. Legitimacy can be achieved only by producing results. Or, as Ed Hewett of the Brookings Institution commented on the mad idea of a referendum on freeing prices, "in the absence of elected government, they're seeking elected policies."

Mr. Hewett, widely recognized as the leading expert on the Soviet economy, has a lucid, coherent prescription. It makes such good sense that when he outlined it for some Gorbachev advisers here, they gasped and said, not really joking, "You should be our new prime minister."

He is not encumbered by the pretense of saving communism, still Mr. Gorbachev's central problem. Talk of a "regulated market economy" could mean more stumbling half-measures or a real breakthrough. Here is the Hewett plan:

1. Stabilize the economy. Cut the state deficit and get rid of the ruble "overhang" — vast amounts of money people can't spend because there is nothing to buy. The way to do it is by selling off factories and apartments, importing some consumer goods to sell for rubles at a high rate (an idea that some Soviet economists have suggested) and, above all, stopping printing money. Sell government bonds for rubles, but with attractive interest rates paid in dollars. It is an approach to convertibility.

2. Introduce real competition. That requires two measures. One is to break up the state monopolies; one-third of all major products come from single enterprises, another third from two enterprises. There are only 40,000 enterprises in the whole Soviet Union, compared with something like 12 million in the United States. The companion measure is an aggressive policy to encourage new enterprises, which means a banking system that can offer venture capital and attract deposits with worthwhile interest rates. To make it work would require help from the West, not so much technology but expertise, and that should be sought without inhibitions of nostalgia or false pride.

3. Then prices could be freed. Before there is competition, freeing prices would only bloat the monopolies' deadening control. Direct subsidies should be paid to the poorest, not a general compensation for higher prices, as now planned. Some would get rich faster, but that would promote competition and new enterprise.

4. Create a safety net in place of the assumption that the state will provide for all. That includes unemployment insurance and retraining. Labor immobility is imposed by the shortage of housing, which needs a crash program. People must be allowed to sublet their apartments. Foreign construction companies should be invited in. There are American and Korean businesses and others with staggering records, and Soviet concerns could copy their techniques when they have shown the way.

5. Change the government's mentality, installing new people who don't think that "market" is a dirty word. The young and popular new mayor of Leningrad, Anatoli Sobchak, is the type needed for prime minister.

It needs to be done soon, with convincing enthusiasm. Agreements with America ease the climate, but it is up to Mr. Gorbachev to make the leap.

The New York Times.

'Is it a long way to capitalism?'

Germany: The Soviets Need a Say

By Stephen S. Rosenfeld

WASHINGTON — A change overtook Mikhail Gorbachev's political vocabulary on his way to the Washington summit. Offering a clue akin to the dog that didn't bark, he quietly stopped using the phrase "the common European home," which he had patented to describe his bold pace-setting approach to easing the postwar division of Europe.

What happened is clear. His initiative in offering a concept that caught the imagination of a whole continent itself helped ignite East Europe's far bolder initiative in demanding its own freedom. The upshot was the regional revolution that left the Soviet Union shorn of its East European buffer and alliance — the sweetest fruits of its victory in World War II. Thus did the possibility of a reunited Germany integrated into NATO become the core item on the summit agenda.

The idea of a "common European home" appealed to Moscow on two levels. It sounded like a good political destination. And it embodied the expectation of broad consultation and negotiation so that getting there would be a reasonably soft, safe and controlled ride. Now, however, second thoughts are rampant in the Kremlin on whether the kind of freer, more Western-oriented Europe that seems to be emerging is actually such a great boon after all.

And Moscow has virtually lost control of the process. Finding himself negotiating under the intense double pressure of onrushing reunification in Germany and snowballing weakness at home, Mr. Gorbachev is reduced to demanding defensively that the West not "dictate" its preferred solution.

He has a point. Logic certainly reinforces the Western insistence on tucking the new Germany into NATO. This is the best way to make sure that, in another time and under other conditions, the permanent overwhelming power in Europe does not float back into the old zone of mischief and temptation. Mr. Gorbachev's suggestion that the Germans follow the French example (politically in but militarily apart from NATO) could mean a Germany with a strong national army and its own nuclear bomb. Crazy for Moscow and everyone else.

Emotion, however, generates its own logic. Especially among Soviets old enough to have known the war, the notion of a revived German powerhouse, coming on top of the loss of the postwar empire, is a tremendous jolt. The reluctance of Americans to come to terms with Vietnam, a remote country on whose soil an entire war was fought, gives a small hint of the great emotional choke that many Soviets feel. I say this well aware of how Moscow has exploited the fear of Nazi resurgence in the past. All this constitutes a political fact that imposes obligations on both sides.

Mr. Gorbachev has to manage a fresh transfusion of his celebrated "new political thinking," which is now running a bit thin. Poles and other East Europeans, for instance, are second to none in their consciousness of Nazi horror. Yet they have been able to look to the future rather than to the past, and to embrace the step — fixing a united Germany in alliance concrete — that is best calculated to preserve the stability previously guaranteed by the division of Germany.

On their part, Americans, as, still, the leaders of the West, must look for ways that will serve the goal of binding Germany to NATO but that will also help the Soviet Union to come to terms with this trauma. That means nerve-calming transitional arrangements, limits on European and German military capabilities, confidence-building measures, consultations in the different forums — the whole diplomatic works.

Then there is "linkage" arising from the dominant role that Germany plays in the Kremlin's desperate economic outreach. West Germany is by far Moscow's leading Western trading partner and East Germany its leading Eastern one. Mr. Gorbachev's nightmare is that the West will seek to impose its view on Germany, and by extension on Lithuania and whatever, by breaking the Soviet Union's German economic connection. This would put the man who set out to build a "common European home" on the street outside.

This is the most delicate question of the whole East-West equation. It is easy to be glib and stale about it. It is necessary to be careful and to act with respect for the high stakes.

The Washington Post.

Violence Is Barren Policy in the Middle East, Too

By Jim Hoagland

WASHINGTON — What do Mikhail Gorbachev, Saddam Hussein and Yitzhak Shamir have in common? Not much, each would answer with speed and reason. But there is a thread in recent events that connects them. Their actions and words should focus our thinking about the relationship between political leadership and political violence.

By an accident of timing, Mr. Gorbachev prepared to sit down with George Bush at the Washington summit to talk peace just as Arab leaders were sitting down at the Baghdad summit to endorse economic, political and, if necessary, military war with Israel. The television screens and newspaper pages that juxtaposed these events were unconsciously illustrating two differing reactions to the use of political violence as the 1990s begin.

Mr. Gorbachev first. He has proved that his much abused mentor, Lenin, got at least one thing right: Communism can be implemented only in a system based on political violence. Withdraw the threat of violence, and the people will quickly evade or overturn Communist rule.

That is the irreducible lesson of what has happened in Eastern Europe and what is now happening in the Soviet Union. By abandoning the indiscriminate use of political violence, Mr. Gorbachev condemns Marxist-Leninist rule in its ideological homeland. Looking on from the Big Kremlin in the sky, Lenin and Leonid Brezhnev must take grim satisfaction from Mr. Gorbachev's convincing demonstration that communism with a human face collapses as soon as people are given a true choice.

We must knock on wood and acknowledge that organized violence is still used as a tool of political control in the Soviet Union. (See Lithuania, Azerbaijan.) But it does seem to me that Mr. Gorbachev has made the Soviet Union part of a larger trend in industrial countries away from killing, imprisoning or abducting to impose political values on unwilling subjects or societies at large.

The Red Brigades, the Baader-Meinhofs, the Honecker-type regimes fade like bad dreams for European political movements that until recently subscribed to the omelet theory of history: You had to break eggs to make a more just tomorrow. People had to be coerced, intimidated or even killed for their own good.

The first anniversary of the Beijing massacre reminds that China's Communists are among those who still subscribe to this rationalization. And that spirit hovered over the Arab League summit in Baghdad, which was a meeting founded on political violence.

Many Arab leaders came out of fear that the Iraqis would punish them if they stayed away. Even if you are the king of Saudi Arabia or the president of Egypt, you respond to the common denominator of Arab politics: fear of retaliation by someone more powerful, richer or more evil than you are, someone who is ready to break eggs.

Moderate Arab leaders who fell into line with Saddam Hussein's denunciations of the United States and Israel have allowed the Iraqi president to establish himself as the leader who sets the tone and pace in the Arab world today. They have ratcheted up tensions in an already explosive climate.

In the Middle East, one man's political violence is another's terrorism. The dominant voices on each side cling to the kind of rationalizations about political violence that Mr. Gorbachev and others have shown can and should be abandoned.

American officials knowingly stepped into this pool of quicksand 18 months ago by starting a dialogue with the Palestine Liberation Organization conditioned on the PLO not committing acts of terrorism. The condition posed two questions that may be beyond the capacity of even diplomats to answer or fudge: What is terrorism? What is the PLO?

The arrival on an Israeli beach of a speedboat carrying gunmen from one PLO faction intent on murder should bring the argument between Washington and Jerusalem over defining terrorism and the PLO to a head.

Even if the U.S. dialogue with the PLO is broken off, it will have had two useful consequences, one intended, the other not. The carrot of dialogue and possible U.S. recognition restrained the PLO from terror actions during the past 18 months. And the dialogue has exposed the difficulties and contradictions of trying to make exact distinctions among different types of political violence and the causes they serve.

Israel's armed forces engage in violence for the political and strategic cause of keeping the West Bank under Israeli control. Mr. Shamir's policies would extend that control — and that violence, if necessary — into the future indefinitely. To the Palestinians, this is terrorism. To Mr. Shamir, it is the intifada that is terrorism; he is taking only necessary countermeasures.

The point here is not to suggest moral equivalence. The point is that even "necessary" violence can corrupt and undermine the political cause it initially serves. Mr. Gorbachev appears to have understood this and to have acted accordingly. Only by doing the same can the leaders of the Middle East end the region's cycle of disaster.

The Washington Post.

The Khmer Rouge Seem to Be Gaining

By Jacques Bekaert

KOMPONG THOM, Cambodia — A few Soviet-made trucks full of armed policemen rushed by, crossing the main bridge and speeding along the river toward nearby forest and the mountains. Behind them trundled an old American-built armored personnel carrier and a heavy field gun.

In the evening the men returned, cheering and singing. The war was over, at least for the day. An attempt by Khmer Rouge guerrillas to infiltrate had been frustrated, they said.

But after the 7 P.M. curfew, the crump of heavy artillery near Kompong Thom shattered the stillness of the night. Some rockets struck the middle of the town, killing two people and seriously wounding 10 others. The missiles barely missed the house where General Tie Banh, defense minister of the government in Phnom Penh, was sleeping. He was on a visit to the area.

The province around Kompong Thom, 160 kilometers north of Phnom Penh, is a beautiful and potentially rich region. Forests provide timber. The Tonle Sap, the great lake that spreads over much of central Cambodia, has abundant fish. But the people of the province, mostly farmers and fishermen, are not rich. Much of the money from logging goes to "the big people in Phnom Penh," a local official said, referring obliquely to corruption that is undermining the authority of the Vietnam-supported regime of Prime Minister Hun Sen.

The war is closing in on Kompong Thom. Already it is hard to find in Phnom Penh a driver ready to endure the car-shattering experience of one of Cambodia's worst roads and the risk of ambush. Many bridges have been partly destroyed, and the Khmer Rouge, not to mention groups of poorly paid local soldiers in search of extra money, are never far away.

Recently, troops of the Khmer Rouge and two non-Communist groups in the resistance fighting the Hun Sen government took over Staung, one of the main district towns on the highway. Thirteen days later, government troops, assisted by better trained and better led military police, managed to recapture Staung. The Khmer Rouge and their allies did not put up stiff resistance. They slipped away, with only light casualties. By controlling the area for nearly a fortnight, they had scored a few propaganda points.

But did they? Communiqués issued by the resistance talked of the liberation of Staung, but its inhabitants, at least those who fled to Kompong Thom, were less enthusiastic. "The Khmer Rouge were pretty well disciplined," a woman said. "They only destroyed the administrative buildings and gave us time to take away our belongings." But "the paras were not so nice — they looted the town, as did people from nearby villages." "Paras" is a term used for the non-Communists in the resistance — the Khmer People's National Liberation Front and the Sihanoukist National Army.

Since resistance forces made some gains inside Cambodia, after the withdrawal of most Vietnamese troops in September, they have lost much prestige. Only the Khmer Rouge seem to be making some progress in winning over villagers and farmers. This is a grim irony indeed in a country that yearns for peace.

International Herald Tribune.

Thatcher May No Longer Be a Winner

By Tony Marlow

The writer is a Conservative member of Parliament from Northampton North.

LONDON — After 11 years, Britain and even the Conservative Party are beginning to contemplate a world without Margaret Thatcher.

For the time being, things do not appear to be going too well. Inflation has blipped up and looks stubbornly reluctant to come down. Mortgage rates have soared just as property prices peaked, leaving many house buyers with painfully high levels of repayment. A new local authority tax has brought large numbers of people into the tax net for the first time. To make matters worse, the tax has been artlessly arranged so that there are twice as many losers as winners — and its level is higher than feared.

In short, even the prime minister's natural constituency is feeling somewhat bruised and is beginning to wonder whether enough is enough.

It is no exaggeration to say that Britain has been transformed in the last 11 years. The old, suicidal industrial relations structure has been replaced by a more educated and cooperative approach. There has been a rebirth in industrial and commercial confidence and competence. Loss-making nationalized industries have been revitalized and transferred to the private sector. Entrepreneurial attitudes have been reinvigorated. None of this could have happened without Mrs. Thatcher's leadership and single-mindedness.

Even so, many Thatcherites, like myself, are being forced into an appraisal of the situation. Many of us believe that the changes she has secured are so far advanced that any new leader would continue on the favorable path she has set out.

There is, however, a fear for the future of the Conservative government. The newly moderate Labor Party could be a formidable challenger at the next election — a contest that must take place within two years. Also, at the last two elections we were assisted by a divided opposition with the vote split between Labor and a strong center-party alternative. The center is now in decline.

To succeed, the Conservatives would need a higher proportion of the popular vote than has yet been achieved under our present leader. Given the political and economic climate and the difficulty of major short-term improvements, everything in the garden is not particularly rosy. It may be that, great leader though she undoubtedly is, Mrs. Thatcher is no longer able to win an election. "Time for a change" can become an attractive rallying call after a long period of strong individual leadership.

It would do neither Mrs. Thatcher nor the Conservative Party any great favor to be thrown out on our collective ear by a bored or resentful electorate. It would be deeply damaging to the evaluation of her achievements by history. It would also pass her legacy into the hands of a Labor administration — something that neither she nor the party would relish.

We would hope that her own political instincts would allow her to assess whether the time is ripe for retirement. However, there is always a tendency for leaders, particularly strong leaders, to attract sycophantic advice. It must be an open question whether she is able to make an objective assessment of the situation. The parliamentary Conservative Party — which, when in the majority, effectively selects the prime minister at an annual election in the fall — is therefore taking note of its powers.

There is a saying in Britain that "a week is a long time in politics." By that standard, two years is a generation. A great deal obviously can happen. Mrs. Thatcher is a consummate politician with instincts that until now have been closely attuned to the feelings of the British people. Even so, while she has been respected, she has seldom been loved.

It may well be that her domestic fortunes will be restored yet again. It could also be that she individually or the Conservative Party collectively will decide that their fortunes would be better served by a new leader with a new style and personality.

If the right decision is taken, there is every chance that the Conservative government will continue into its fourth term and that the strategy so ably and successfully set out by Mrs. Thatcher will continue securely into the future. The next few months will tell which approach the party will follow.

The New York Times.

100, 75 AND 50 YEARS AGO

1890: Duc d'Orléans Free

PARIS — Prince Philippe, Duc d'Orléans, quitted Clairvaux prison last night [June 3] and France this morning. President Carnot had decided to exercise his prerogative of pardon in favor of the prisoner of Clairvaux on the occasion of his recent journey to Belfort, when he passed within sight of the penitentiary. "I am enraptured," said the Marquis de Beauvoir, the Comte de Paris' right hand man.

1915: French Retaliate

PARIS — As a brilliant, soldierly reply to the Tauben that have been vainly attempting to drop bombs on women and children in Paris during last week, a squadron of twenty-nine French aeroplanes bombarded the headquarters of the German Crown Prince yesterday morning [June 3], dropping 178 bombs, many believed to have hit the mark. The bombardment was accompanied by a shower of several thousands of steel arrows.

1940: Paris Is Bombed

PARIS — The greatest massed air raid in history, over Paris yesterday [June 3], all but dwarfed war on the battle fronts, but air and artillery attacks on the evacuation operation at Dunkirk were real enough, and the R.A.F. blasted military objectives in Holland and Germany. Nazis said the air raid over Paris was the signal for a blitzkrieg attack on France, a terrific blow aimed at the French Army. The bombing, which lasted an hour, killed forty-five civilians and wounded 155. More than 1,000 bombs were dropped in Paris. And in Italy war fever reached a new height with 10,000 Italian World War veterans meeting in Turin and shouting they would cross the mountains to victory. Reports claim that various departments of the Italian Ministries are moving out of Rome and that the authorities have begun the evacuation of barracks and military centers in the Italian capital in accordance with plans to declare Rome an open city in the event of war.

Stakes For U.S. In Liberia

2 Relay Stations And Lives at Risk

New York Times Service

WASHINGTON — Bush administration officials have expressed concern that the increasing turmoil in Liberia is posing a threat to American lives and property.

The administration is especially worried that important U.S. communications facilities outside the Liberian capital could be damaged by the escalating violence, the officials said.

Relay stations near Monrovia for Voice of America and for U.S. diplomatic communications, each valued at $200 million, are virtually unprotected, officials say.

Charles Taylor, the guerrilla leader who is challenging the government of President Samuel K. Doe, has assured Washington that American facilities and citizens are not targets.

But Bush administration officials remain skeptical.

"What we're concerned about," said Herman J. Cohen, the assistant secretary of state for African affairs, "is getting caught in a crossfire of combat and the development of uncontrolled, undisciplined military operations. The security situation is deteriorating."

Forces led by Mr. Taylor have been advancing on Monrovia recently. Late last week, they were within 40 kilometers (25 miles) of the capital.

U.S. officials expressed little sympathy for Mr. Taylor or Mr. Doe. One State Department official characterized the conflict as one for "power and control" over the West African nation rather than one of ideology.

Increasingly frustrated by Mr. Doe's human rights record, Washington has reduced assistance to Liberia.

In 1986, the United States provided $53.5 million in economic and military assistance to Liberia; in fiscal 1990, it offered no military aid and just $10 million in food and other humanitarian assistance.

U.S. officials are also leery of Mr. Taylor, whose original force of 60 rebels was armed and trained by Libya.

The administration's two immediate policy goals are to ease the way for talks between Mr. Taylor and Mr. Doe and to evacuate as many of the 1,200 American citizens from the West African nation as possible.

The U.S. Navy has dispatched four ships and 2,100 Marines to positions off the Liberian coast so that they will be available to evacuate U.S. citizens should the Monrovia airport be closed by fighting.

In Medical First, Cell Transplant Helps to Correct Muscular Dystrophy

By Gina Kolata
New York Times Service

NEW YORK — The first attempt in humans to correct the muscle defect that is at the heart of muscular dystrophy was a success, according to researchers.

The therapy involves transplanting healthy muscle cells from another person into the muscle of a patient with muscular dystrophy.

The healthy cells began making the protein that is lacking in patients with the disease.

The work does not mean that a treatment is imminent for muscular dystrophy, a genetic disease that causes progressive and irreversible muscle deterioration that almost always leads to death by the age of 30.

Among other things, scientists must determine whether the transplants will work on large muscle groups and whether patients will reject the transplanted tissue.

Nevertheless, experts who cited the new results and previous work in animals said the finding held out a ray of hope, not only for muscular dystrophy but also for other degenerative muscle diseases.

The results were announced Saturday by Dr. Peter Law, a professor of neurology at the University of Tennessee in Memphis, at a meeting of the Muscular Dystrophy Association in Tucson, Arizona.

Dr. Law's finding involved a single patient, Sam Looper of Pickens, South Carolina, a 9-year-old boy with Duchenne muscular dystrophy, the most common form of the disease.

To avoid possible damage to important muscles, the researchers tested the treatment in one of his big toes.

At least seven other patients in the United States are undergoing the experimental treatment, Dr. Law said in an interview, but those results are not yet available.

Dr. Leon Charash, chairman of the national medical advisory board of the Muscular Dystrophy Association, said that the finding was promising enough that researchers would move quickly to try the muscle cell injections in larger muscles of the leg that help control balance.

In addition, Dr. Law said, the method could be applied to other forms of muscular dystrophy or to any disease of muscular degeneration, whether or not the exact genetic defect causing the degeneration is known.

"I think it is of great importance," Dr. Charash said.

"This represents the first time a treatment has been offered," he said. "It is a moment of great scientific significance."

If the finding is confirmed, said Dr. W. French Anderson, a branch chief at the National Institutes of Health who has devoted his entire 22-year scientific career to designing human gene therapies, "this would be a landmark."

But investigators also sounded a note of caution.

Dr. Francis Collins, a gene-therapy researcher at the University of Michigan in Ann Arbor, said, "It is encouraging to see that there are some real possibilities here, but there are a lot of hurdles ahead," before there can be an effective treatment.

Dr. Collins said it was not known how effective the treatment would be in larger muscles, nor whether the body would reject transplants of massive numbers of muscle cells.

Unlike other cells, which exist as separate entities in organs, touching each other like lilies in a pond, muscle cells fuse together to form one giant cell with many nuclei.

The idea that Dr. Law developed over the last 21 years in laboratory and animal studies was to try to fuse healthy muscle cells with sick ones so that the good genes of the healthy cells would correct the bad genes of the sick ones.

In his experiments with eight patients, all boys, he took healthy cells from the boys' fathers and injected them into a muscle of the foot that controls the movement of the big toe.

The muscle of the other foot was given an injection with a dummy substance and neither the parents nor the researchers knew which foot got which treatment.

Three months later, the muscle cells were biopsied to see if the transplant was effective.

Dr. Law also tested muscle strength and in the case of Sam Looper, which was reported Friday, strength had increased 20 percent, he said.

Lynn Looper, Sam's mother, said that while she was awaiting the results, she kept asking her son to move his toes, looking for signs that the toe on one foot was stronger.

"After maybe a month, Sam said, 'This one's stronger,'" she said.

Larry Boyd/Reuters

BOMB INJURES 18 IN PRAGUE — A woman comforting a bleeding victim of a bomb explosion in central Prague. President Vaclav Havel said Sunday that the bomb had been planted by the enemies of Czechoslovakia's new democracy and pledged the government would take firm action to prevent any similar incident. The first free elections in 44 years are set June 8.

IRA Exporting More Attacks

Experts See Link to Prospect of Catholic-Protestant Talks

By Steven Prokesch
New York Times Service

LONDON — British government officials and analysts from both sides of the Irish Sea say that the Irish Republican Army is stepping up its attacks on British soldiers outside Northern Ireland.

The authorities say there could be several reasons for the recent spate of IRA attacks outside Ulster, including those that killed a British soldier and wounded two others on Friday and killed a British army officer on Saturday.

For one thing, they say, it has become increasingly difficult in Northern Ireland to attack soldiers, police officers, judges, and government officials, who often travel in Ulster in armored vehicles and who often live and work in fortified or heavily protected buildings.

For another, the police and security forces have been enjoying a high success rate in foiling attempted attacks and capturing weapons and explosives.

Nearly 1.6 tons of explosives were reported seized in 1989 and nearly 1.7 tons so far this year. In addition, there is a widespread belief that the security forces have successfully infiltrated some IRA units in Ulster.

But British government officials believe that the IRA, which they say has an estimated 500 active members, will not suffer from a shortage of weapons or explosives. The officials estimate that the IRA obtained about 120 tons of weapons, including rifles, heavy machine guns, rocket launchers and plastic explosives, from Libya in the 1980s.

Analysts and British government officials speculate that the IRA may be particularly eager to stir things up now because Protestant and Catholic political leaders in Northern Ireland seem to be on the verge of agreeing to hold talks that talks will lead to the formation of political structures that will allow it eventually to grant a large degree of autonomy in Northern Ireland, which has been directly ruled from London since 1972.

The talks would threaten to marginalize the IRA and its political arm, Sinn Fein, by leaving them on the sidelines while other parties try to hammer out Ulster's future.

The Social Democratic and Labor Party, which has the support of the majority of Roman Catholics in Northern Ireland, wants Northern Ireland's six counties to join the Republic of Ireland but, unlike the IRA and Sinn Fein, opposes the use of violence to achieve that goal.

Most Protestants, who account for about 60 percent of Ulster's 1.5 million people, consider themselves British and support either the Ulster Unionist or the Democratic Unionist parties.

Whatever its reasons, the Irish Republican Army has certainly assumed a higher profile.

The latest attacks fit its strategy of hitting so-called soft targets, or those not heavily defended.

A British Army major stationed in West Germany was shot and killed Saturday as he and his wife drove to their home in Dortmund, near an army base. Seven hours earlier, a British Army private was killed and two other soldiers were wounded when two gunmen opened fire on them at a train station in Lichfield, about 10 miles (16 kilometers) north of Birmingham.

These attacks followed a spate of others.

Two Australian lawyers were killed by IRA gunmen on May 27 in the Netherlands. The two men, who worked in London, were driving a car with British license plates, and the IRA said later that the victims had been mistaken for off-duty British servicemen.

In England last month, a soldier was killed and another was wounded by a booby-trap bomb planted on a van outside an army recruiting center in north London, and seven persons were wounded when a bomb exploded in southeast London outside the headquarters of the Royal Army Education Corps.

These attacks come amid signs of divisions within the IRA and Sinn Fein over their strategy in Northern Ireland.

Analysts say that many in the two groups worry that without violence, popular support would vanish. But at Sinn Fein's annual convention in Dublin in early February, several delegates said that the party had to broaden its image so it was not only associated with armed struggle.

Many in Sinn Fein and the IRA have acknowledged that their biggest problem is the unintentional killing of innocent civilians and the bombing of economic targets that might provide badly needed jobs for poor Catholics.

"Obviously we have an image problem," Gerry Adams, Sinn Fein's president, said in an interview in February. Mr. Adams is a member of the British Parliament from West Belfast, but refuses to take his seat in London.

Plea Bargaining For Mayor Barry Is Said to Begin

New York Times Service

WASHINGTON — Lawyers for Mayor Marion S. Barry Jr. have reportedly begun plea bargaining with federal prosecutors over the 14 drug and perjury charges on which Mr. Barry is scheduled to go on trial Monday.

Lawyers on both sides refused to comment on whether any talks were under way. But several people said negotiations had begun.

These people, who spoke on the condition they not be identified, said Mr. Barry had indicated a willingness to plead guilty to one or possibly more of the 11 misdemeanor charges he faces if prosecutors would give him a suspended sentence and drop the three felony charges.

The prosecutors were said to be holding out for at least one felony conviction. Under city law, Mr. Barry could remain in office if convicted of a misdemeanor but not a felony.

The mayor faces 10 misdemeanor counts of possessing cocaine, three felony counts of lying to a grand jury about drug use and a single misdemeanor count that alleges he conspired on at least 20 occasions with more than 10 different people to obtain and use drugs.

Mandela Feeling Fine After Bladder Surgery

The Associated Press

JOHANNESBURG — Nelson Mandela, the leader of the African National Congress, said during the weekend that he felt "on top of the world" following surgery to remove a benign cyst from his bladder and that he expected to leave this week on a 13-nation tour.

Mr. Mandela's physician, Gus Gecelter, said that the ANC leader "had no problems before or after the operation," which was performed on Monday.

Dining Out

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Seafood specialties in an elegant setting. Menus at 145 & 185 FF. Just 50 m from the Palais du Festival. Open for lunch & dinner. 7, rue du Maréchal Joffre. Tel.: 93.39.44.57.

DUBLIN

POLO I
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LONDON

SUD OUEST
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Shellfish. Fish. Choucroutes. Day and night. 16, rue Coquillière. Tel.: 42.36.74.24.

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Sister of the famous Dublin Pub located 50 yards from Pl. Vendôme. The French home of Irish Coffee and excellent draught beers. Jazz & Irish music. Open 7 days. 10 Rue Capucines. T.: 40.15.08.08.

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Brasserie offers traditional cuisine in an exceptional setting. Open every day. Located between the Stock Exchange & the Palais Royal. A la carte, around F.Fr. 200. 2 rue Vivienne. Tel.: 42.86.87.88

PARIS 4th

RESTAURANT TACOS
The Marais' new Tex-Mex. Menu at 80 Fr./tax incl., à la carte around 120 Fr. Open every day until 1:30 a.m. 12, rue Pecquay. Tel.: 42.72.21.50.

PARIS 6th

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Oyster bar all year, menu 150 Fr., continual service from 12 p.m. to 2 a.m. Parking, rue de l'Ecole de Medecine. 4 Carrefour de l'Odéon, 75006 Paris. Tel.: 43.26.67.76.

YUGARAJ
Of all the Indian restaurants, this is by far the best & most authentic. (Gault & Millau) Closed Monday. 14, rue Dauphine. Air conditioning. Tel.: 43.26.44.91.

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In the Michelin Guide. Burgundy Spec. Gastronomical cooking. Cl. on Sun. eve. 54, Bld. Latour-Maubourg. Tel.: 47.05.89.86.

LA FACULTÉ
In Saint Germain des Près, rest. brasserie. Spec.: fresh fish and south west cuisine. Menu around 150 FFr. Parking at 150 meters. 22, rue des Saints-Pères. Tel.: 42.61.59.60.

PARIS 7th

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Brasserie and restaurant, with terrace, across from Les Invalides. Average Price 180 Fr./tax incl. 7, place Vauban. Tel.: 47.05.52.67.

LE GALANT VERRE
Traditional cooking - Waterzooi - salmon with raspberries - Clientèle from the world of politics - Driver - Open on Saturday for lunch and dinner. Closed on Sundays. 12, rue de Verneuil. Tel.: 42.60.84.56.

AUBERGE D'CHEZ EUX
Trad. Cuisine in a typical bistro setting. Frogs Legs. Foie Gras. Cassoulet. Closed Sundays. 2, ave. de Lowendal. Tel. 47.05.52.55.

PARIS 8th

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PARIS 10th

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Tex Mex Rest. T-Bone, Cajun Shrimp, Apple Pie, Chili. M° République. Easy parking. Open every day. 54, rue René Boulanger. Tel.: 42.08.60.20.

PARIS 14th

MACADAM
Tex-Mex & American classic food-bar cocktail, Sunday brunch, open till 1:00 a.m. every day. 1 Rue Delambre. Tel.: 43.35.43.86.

PARIS 15th

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The only restaurant with specially imported beef from the U.S. Business lunch F.F. 210, wine included. Open daily. T.: 42.73.92.00. Paris Hilton, 18, Ave. de Suffren.

PARIS 15th

LE TAGORE
The new Parisian Indian restaurant, Mughai specialties, surely one of the best among the foreign restaurants in France, two "Toques" in the Gault et Millau. 25, Ave. du Maine. Tel.: 45.44.94.41.

PARIS 16th

BRASSERIE LE COQ
The Trocadero Brasserie. Open every day. Continual service from 12 p.m. til 12:30 a.m. Terrace open for lunch & dinner. 2, Place du Trocadéro, 75116 Paris. Tel.: 47.27.89.52.

PARIS 17th

CHEZ FRED
Lyonnais bistro, traditional French cooking. Daily specialities. Closed Sundays, 190 bis, bld. Pereire, 75017 Paris. Tel.: 45.74.20.48.

L'ECAILLER DU PALAIS
Located near Palais des Congrès. Restaurant specialities include fish, seafood. Open every day. Average menu price 250 f.fr./tax incl. Parking "Meridien," 50m, 101 av. des Ternes, 75017 Paris. Tel.: 45.74.87.07.

LE TERNES-PEREIRE
Close to Porte-Maillot and the Palais des Congrès. Restaurant/Brasserie, continual service from noon to midnight. Shellfish, fish tank, open all year, 84 av. des Ternes, 75017 Paris. Tel.: 45.74.33.35.

LE RELAIS PEREIRE
Gastronomic menu 195 FFr. net including wine, served lunchtime and evening. Specialties: fish and south west cuisine. Intimate atmosphere, closed weekends. 27 bis Bld. Pereire. Tel. 42.27.26.97.

LE MADIGAN
1 Gault-Millau "toque". Trad. cuisine. After-dinner classical recital "Steinway". Menu from F.F. 150, à la carte about F.F. 350. 22, Rue de la Terrasse. Tel.: 42.27.31.51.

ROME

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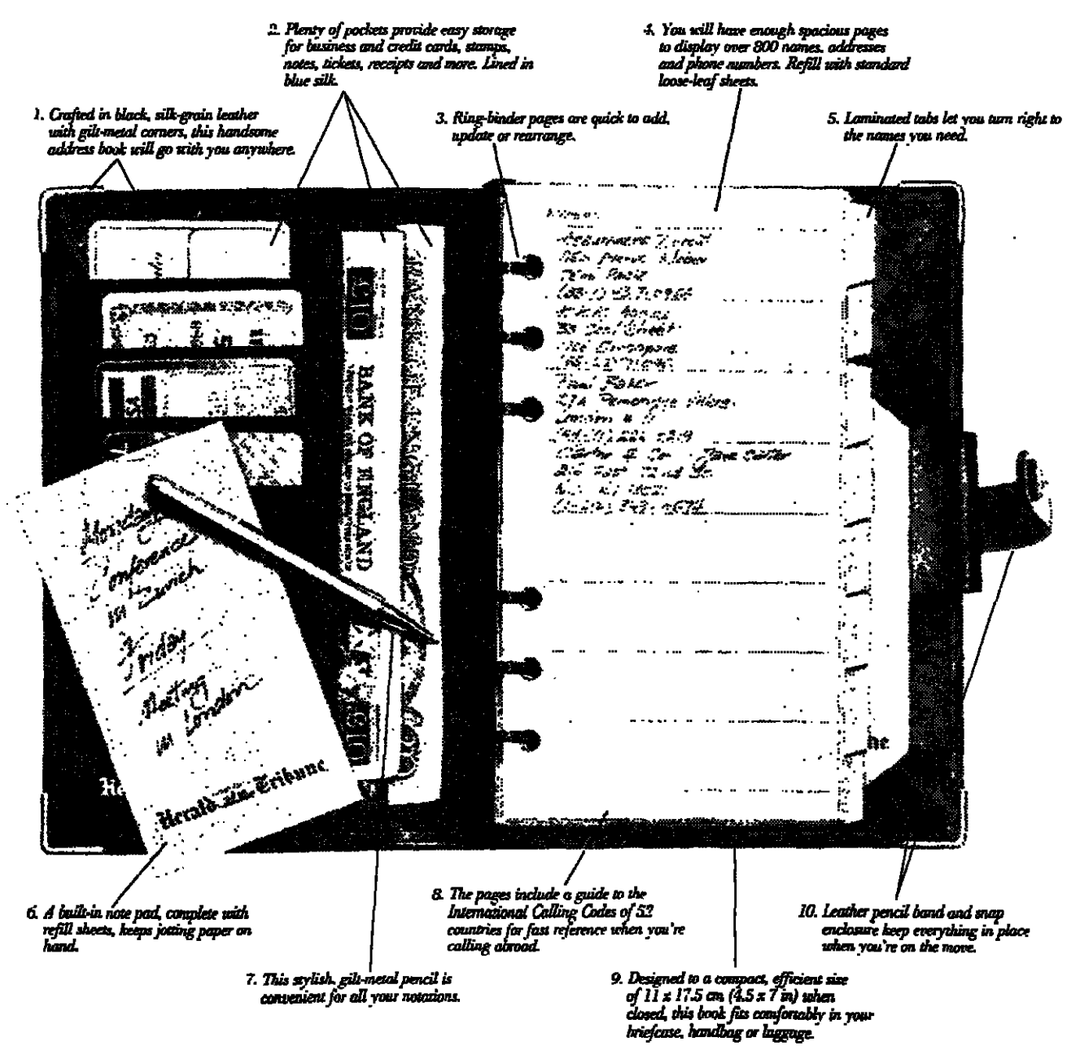

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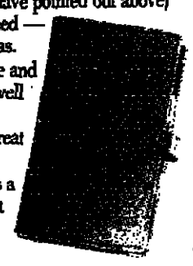

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ACROSS

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DOWN

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Solution to Friday's Puzzle

X	W	O	R	D		X	B	O	W			T	S	P
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			A	W	A	R	D	E	D		T	A	N	O
D	R	O	P	S	Y		A	S	S	A	I	L	E	D
R	A	T	S		E	G	G			C	E	S	T	A
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D	E	A	D	E	Y	E		O	R	E	G	A	N	O
			R	E	E	S	E	S		L	I	O	N	
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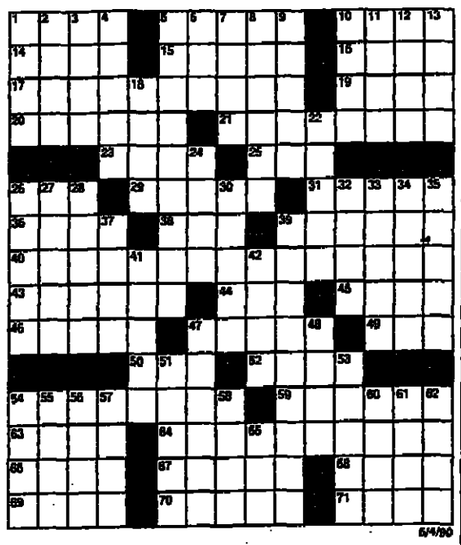

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Stakes For U.S. In Liberia

2 Relay Stations And Lives at Risk

New York Times Service

WASHINGTON — Bush administration officials have expressed concern that the increasing turmoil in Liberia is posing a threat to American lives and property.

The administration is especially worried that important U.S. communications facilities outside the Liberian capital could be damaged by the escalating violence, the officials said.

Relay stations near Monrovia for Voice of America and for U.S. diplomatic communications, each valued at $200 million, are virtually unprotected, officials say.

Charles Taylor, the guerrilla leader who is challenging the government of President Samuel K. Doe, has assured Washington that American facilities and citizens are not targets.

But Bush administration officials remain skeptical.

"What we're concerned about," said Herman J. Cohen, the assistant secretary of state for African affairs, "is getting caught in a crossfire of combat and the development of uncontrolled, undisciplined military operations. The security situation is deteriorating."

Forces led by Mr. Taylor have been advancing on Monrovia recently. Late last week, they were within 40 kilometers (25 miles) of the capital.

U.S. officials expressed little sympathy for Mr. Taylor or Mr. Doe. One State Department official characterized the conflict as one for "power and control" over the West African nation rather than one of ideology.

Increasingly frustrated by Mr. Doe's human rights record, Washington has reduced assistance to Liberia.

In 1986, the United States provided $53.5 million in economic and military assistance to Liberia; in fiscal 1990, it offered no military aid and just $10 million in food and other humanitarian assistance.

U.S. officials are also leery of Mr. Taylor, whose original force of 60 rebels was armed and trained by Libya.

The administration's two immediate policy goals are to ease the way for talks between Mr. Taylor and Mr. Doe and to evacuate as many of the 1,200 American citizens from the West African nation as possible.

The U.S. Navy has dispatched four ships and 2,100 Marines to positions off the Liberian coast so that they will be available to evacuate U.S. citizens should the Monrovia airport be closed by fighting.

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. June 1

Australian Dollars

Issuer	Con	Mat	Price	Yld	Spd Trsy
ABN Austral	14½	94	112½	9.68	
AIDC	12¾	91	97¼	16.11	
AIDC	14	92	98	15.07	
AIDC	12¾	90	96½	25.21	
Amro Bank	13¾	90	96¾	21.51	
Anz Bk Gp	16½	92	100	16.15	
Anz Bk Gp	n.a.	91	84¾	21.44	
Anz Bk Gp X/w	13	92	97¾	16.71	
Austri Control	12½	93	94	14.90	
Austri Control	13⅜	94	98	14.24	
Austri Volksbk	13¼	90	96¼	22.69	
Austria	14¼	92	100½	13.87	
BMW Fin	14½	92	100¾	14.03	
BNP	14	91	97½	14.79	
BNP	14	91	96¾	15.99	
BNP	12½	93	93¾	15.87	
BNP (Aust)	14	90	97	22.14	
BP Capital	14½	92	97¾	14.60	
BP Capital	12¾	92	96¾	14.86	
BP Capital'A'	13¼	92	98½	14.59	
Barclays	12⅝	90	96½	25.16	
Bayernhyp Fin	13¼	90	96½	20.43	
Berliner Bk	14	90	97½	26.13	
Bq Genl Lux	13¾	90	96¾	22.45	
CBA	12⅝	93	94¼	14.73	
CBA	15¼	94	101½	14.65	
CBA	14	94	98¾	14.45	
CBA	14	95	97½	14.71	
CBA	13¾	99	97¾	14.19	
CBA	13¼	90	98	25.54	
CCF Aust	14	90	97¼	24.07	
CIBC Austrl	14¾	98	97½	18.33	
Chrysler	13¾	92	93	17.63	
Colgate-Palm	14¼	91	97¼	16.13	
Commerzbank	12¾	90	96½	27.27	
Commerzbank	13¼	90	97¼	27.61	
Council Europe	14	92	98¾	14.63	
Council Europe	13	93	97	14.32	
Cr Lyonnais	13	91	97¼	16.17	
Cr Lyonnais	13	91	97½	16.14	
Cr Lyonnais	13¾	90	97	21.39	
Cr Suisse	14½	92	97¾	15.74	
Creditanst	12⅞	90	96¼	23.21	
Creditanst	14¼	90	97¾	78.75	
DFC Finance	13	90	35	n.a.	
DG Bank	12¾	90	96¼	24.28	
DG Bank	13¾	90	97¼	23.47	
Denmark	14	90	98¾	16.24	
Deut Bk	14¼	92	97¾	15.86	
Deut Bk	12¾	93	96	14.86	
Deut Bk	12¾	95	93	14.85	
Deut Bk	12¾	95	91¼	14.81	
Deut Bk	12¾	90	96	22.83	
Deut Bk	13¾	90	97¼	26.71	
Deut Bk Aust	14½	95	100	14.47	
Deut Bk Fin	14½	92	98¾	15.74	
Deut Bk Fin	15	94	101½	14.43	
Dresdner	12¾	90	96½	29.08	
Dsl Bank	13¾	90	97	24.97	
East Kodak	n.a.	92	71¾	18.76	
Eurofima	12½	93	95	14.66	
Eurofima	13½	94	96¾	14.72	
Eurofima	13	95	96	14.17	
Exportfin	12¾	93	91⅞	14.79	
Exportfin	13	98	97¼	17.23	
FBDB	19	90	108¼	15.96	
Fiat Fin Trade	14½	90	97½	27.52	
Ford Cred Aus	14	92	97¾	15.33	
Ford Cred Aus	13	93	96	14.79	
Ford Cred Aus	13⅜	93	96¾	14.85	
Ford Cred Aus	15¾	94	102⅞	14.87	
Ford Cred Aus	12⅞	90	96	26.46	
Ford Motor Cr	13¼	90	98½	16.45	
Ford Motor Cr	13⅝	91	98	16.10	
Ford Motor Cr	15¼	94	100	15.25	
Genfinance	12⅞	90	96¼	26.03	
Girozentr Wien	12¾	92	97	14.64	
GMAC	14¼	91	98¼	16.05	
GMAC Aust	12¾	91	97	15.52	
GMAC Aust	13¼	92	97	15.18	
GMAC Aust	13¼	92	97½	15.28	
GMAC Aust	16	92	101¾	14.84	
GMAC Aust	15½	93	108¼	14.94	
GMAC Aust	14	98	97¼	25.87	
GMAC Aust	16	92	101¼	14.88	
Heinz	12¾	91	97½	15.16	
IBM	15¾	93	101¼	14.62	
IBM Aus Cred	12¾	92	97¼	14.51	
IBM Aus Cred	13	92	96¾	14.69	
IBM Aus Cred	16	92	102	14.84	
IBM Aus Cred	14½	93	97	14.75	
IBM Aust	13¾	91	98½	14.38	
IBM Aust	15¼	92	100½	14.93	
IBM Aust	15½	93	102½	14.83	
ICI	15	97	100¼	14.67	
ICI	15½	92	100¼	15.33	
Indust Kred Bk	12¾	92	96½	14.05	
Kredietbank	14½	90	97¾	25.17	
Mcdonalds	14½	91	98¼	15.00	
Mcdonalds Con	15	95	108	13.00	
Midland Aust	12½	90	97	23.09	
Montreal Tstco	14½	90	97¼	18.91	
NSW Treasury	14½	92	99½	14.55	
Natl Austrl Bk	14¾	94	97¾	14.95	
Pepsico	13	92	96¼	22.23	
Queensland	12	93	100	12.25	
SEC Victoria	15¼	94	100	15.34	
SEC Victoria	15¾	94	100	15.95	
SEK	13¾	91	98¼	14.54	
SEK	14½	92	99¾	14.50	
SEK	13¾	91	94	14.46	
Skandi Enskild	12¾	90	96¾	16.39	
Soc Gen	13	92	96½	15.27	
Soc Gen	12½	93	94¾	14.75	
St Bk Nsw	12½	91	97¾	15.38	
St Bk Nsw	13	92	94	14.21	
St Bk Nsw	13½	93	101¼	14.76	
St Bk Sth Aust	15¼	99	102½	14.76	
Sweden	15	94	98¾	14.17	
Sweden	14¾	94	98¼	14.17	
Tor-Dom Aust	16¼	92	100½	15.72	
Tor-Dom Aust	14½	90	97¾	25.28	
Tor-Dom Bk	13	90	97	22.82	
Toyota Credit	13	91	97¼	15.18	
UBS Fin	14	94	98¼	14.53	
Volkswagen	15	94	101¼	14.34	
Westd Ldbk	12¾	90	96½	24.19	
Westlb Fin	12¾	90	96¾	22.86	
Westlb Fin	14¼	90	97¾	20.05	
World Bk	12¾	92	97	15.10	
World Bk	14¼	94	98¾	14.62	
World Bk	12¼	94	95	14.05	
World Bk Feb	14½	92	99	14.60	
World Bk Jul	12¾	93	95½	14.65	
World Bk Mar	12¾	93	95½	14.77	

Canadian Dollars

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
AIDC	10	91	97¼	13.50	+60
AIDC	10½	93	97¼	13.33	+122
AKZO	9¾	90	99¼	13.12	+62
AKZO	11	91	96	14.02	+132
Abbey Natl	10¼	93	93	13.59	+147
Alberta Prov	10¾	94	94½	12.58	+69
Amer Genl	10	91	95½	14.05	+135
Amex	10¼	90	99¼	13.88	+118
Amex	10¾	90	99½	13.43	+73
Arco Fin	11	93	93½	13.57	+149
Asik-Cger	10¼	91	96¼	14.16	+146
Asik-Cger	11½	91	98	13.91	+121
Austri Control	10¼	92	94¼	13.23	+87
Austri Control	10¼	99	84½	12.36	+103
Austri Control	9	97	91½	10.82	-72
Austri Sparkas	9⅝	92	93¼	13.36	+65
Austria	10	91	96	13.00	+44
Avco Fin Serv	10¼	92	97¼	14.18	+165
Avco Fin Serv	11⅝	92	95¼	14.00	+163
BC Province	13½	91	99½	13.71	+101
BC Province	9¼	96	87	12.48	+65
BC Telephone	12¼	89	98¾	13.04	+38
BFCE	10	94	91½	12.68	+80
BNP	11¼	92	96½	13.34	+64
BNP	10¼	91	95¾	14.07	+137
Bacob Finance	11½	91	98	13.94	+124
Barclays	10¼	93	93¼	12.85	+74
Bayernhyp Fin	10¼	92	94½	13.18	+84
Bco Lavoro	11¼	91	97¼	14.17	+147
Bell Canad Res	9⅞	96	93½	11.43	-19
Bell Canada	10⅜	99	98¼	12.34	+101
Bell Canada	12¾	00	100	12.37	+112
Bell Canada	10⅜	04	98	12.38	+129
Bell Canada	10¼	97	99½	12.07	+33
Bell Canada	10	91	97	13.92	+122
Bell Canada	9⅝	06	83½	11.79	+67
Bell Enterprs	9⅝	93	92½	12.92	+78
Bergen City	8⅝	94	86½	13.21	+136
Berliner Bk	10¼	91	95½	13.56	+86
Bfg-Bk Fin	10⅛	92	94¼	13.41	+97
Bk Montr Realt	10¾	92	94	13.69	+135
Bk Montr Realt	9⅝	96	87¾	12.54	+92
Bk Montreal	10¾	90	98½	13.73	+103
Bk Montreal	10¼	91	95¾	14.26	+156
Bk Montreal	11¼	91	97¾	14.14	+144
Bk Nova Scotia	9⅝	97	90	11.91	+36
Bk Tokyo	10½	92	95¼	14.05	+135
Bk Tokyo	8½	94	86½	13.13	+119
Bmw Fin	10¼	95	91	12.89	+119
Borden Inc	10⅝	93	93	13.15	+114
Bq Intl Lux	11	92	101½	10.22	-210
Bq Paribas	10¼	91	95¼	14.11	+141
Brit Columb	9⅝	93	91¾	12.97	+77
Brit Columb	9⅝	90	97½	13.61	+91
Brit Columb	12¾	91	97¼	13.70	+100
Brit Columb	12	93	98½	13.24	+122
Brit Columb	9⅝	07	84	12.86	+86
CBA	9½	92	93¾	14.00	+134
CCJ Quebec	10	91	94¼	14.01	+131
CEPME	10	91	97½	11.77	-93
CIBC	10¼	90	98¾	13.61	+91
CIBC	9½	91	96¼	13.41	+71
CIBC	10¾	91	96¾	13.61	+91
CIBC	9½	91	96¾	13.63	+93
CIBC	11¼	91	98¼	13.51	+81
CIBC	11¾	91	101½	10.40	-230
CIBC	9	92	92	12.79	+123
CIBC Sing	11½	94	96¼	13.02	+107
CNT	9½	94	90	13.72	+112
Con Natl Railw	9⅝	94	91	13.00	+104
Con Natl Railw	12¼	95	99½	13.27	+63
Con Natl Railw	9⅝	96	86¾	12.63	+105
Canada	n.a.	01	29	12.63	+61
Canada Trust	9¾	92	94½	13.72	+102
Con Trustco	10⅜	92	92½	12.95	+124
Canadian Pacif	10⅜	00	98¾	13.38	+64
Carlsberg	10	97	87½	12.75	+125
Cdn Natl Railw	11¾	93	95½	13.28	+116
Chrysler	10	91	94½	14.20	+150
Chrysler	12¾	92	97½	14.15	+157
Chrysler Fin	11	93	94	13.78	+154
Coca-Cola	11	93	86½	13.45	+140
Commerzbank	10¼	92	87¼	13.28	+93
Common Urb	8⅝	97	83½	12.59	+106
Cr Lyonnais	13¾	93	101¾	13.03	+90
Cr Lyonnais	11¼	90	98½	13.61	+71
Cr Suisse	n.a.	00	33¼	12.09	+80
Creditanst	9⅝	91	94¼	13.56	+86
Creditanst	10¾	94	101½	9.90	-193
Creem Fin	12	92	97	13.56	+109
Dai-Ichi Kb	9½	92	92½	13.81	+129
Denmark	11¼	91	98¼	13.67	+77
Denmark	9⅝	92	93¼	13.90	+128
Deut Bk	9⅝	92	93¼	13.66	+113
Deut Bk	9	94	89¾	12.54	+57
Deut Bk Fin	10¼	99	98¼	12.09	+78
Deut Giro-Dkb	10⅝	98	94¾	13.84	+59
EDC	9⅝	93	92	12.84	+69
EDC	n.a.	96	58¼	12.87	+122
EDF	9¾	99	84⅞	12.17	+65
EEC	11¼	91	97¼	13.90	+120
EIB	10⅝	98	87½	12.28	+83
EIB	10⅝	99	88¾	12.19	+63
EIB	11	91	97¼	13.76	+106
EIB	12	95	96¾	12.26	+62
EIB	9	96	84¾	12.33	+72
Eldorado Nucle	11¾	93	97	13.04	+88
Electrolux	9½	91	96½	13.91	+121
Exportfin	10¼	94	92	12.64	+78
Exportfin	10¼	94	93	12.79	+94
FBDB	11½	92	97¼	12.97	+27
FBDB	10¾	91	95¼	13.98	+128
FBDB	9	93	90½	13.69	+99
FBDB	10¾	91	97½	13.92	+112
FBDB	10½	90	99¼	12.16	-54
FBDB	9⅝	91	96¼	13.73	+103
FBDB	11⅝	92	96¼	13.75	+105
Farm Credit	12¼	90	99¾	13.26	+56
Farm Credit	9⅞	91	96¼	13.66	+96
Farm Credit	9	92	94	12.83	+73
Farm Credit	10	92	92¼	13.58	+119
Farm Credit	11	92	97½	13.28	+103
Farm Credit	12⅝	92	98¾	13.44	+58
Ferrovie Stato	10¼	93	97¼	12.97	+94
Fiat Fin Trade	9½	91	95¼	13.99	+129
Fiat Fin Trade	10¾	93	94½	13.07	+77
Fin Don Ind	10¼	91	97½	13.87	+117
Fin Exp Cr	12¾	93	101¼	12.75	+61
Fin Exp Cr	11⅝	93	96¾	12.76	+53
Fin Exp Cr	n.a.	97	45¾	12.79	+124
Fin Exp Cr	10¼	91	97¾	13.88	+118
First Austrian	9⅝	91	94¾	13.64	+94
Ford Cred	11⅝	92	96¼	13.08	+71
Ford Cred Can	10¼	93	92	13.13	+103
Ford Cred Can	10	94	90	12.76	+66
Ford Cred Can	13¼	95	101¾	12.74	+102
Ford Cred Can	9	92	92	13.95	+125
Ford Cred Can	10⅜	92	94½	13.72	+131
Ford Cred Can	10	92	92½	13.80	+122
Ford Cred Can	10	92	92½	13.29	+114
Ford Cred Can	10¼	93	92	13.23	+120
Ford Motor Cr	11¼	92	97¾	12.69	-1
Ford Motor Cr	11½	92	97½	13.35	+74
Ford Motor Cr	10⅝	96	92½	12.73	+109
Ford Motor Cr	10⅝	90	97¾	13.07	+82
Gaz De Fra	11⅝	95	97½	12.44	+67
Gaz Metrop	10⅝	95	93½	13.10	+144
Gen Ele Cap Ca	9¾	93	97¼	12.93	+76
Gen Ele Cap	9	96	87¼	12.71	+71
Gen Ele Cap Ca	10¼	94	92½	12.69	+83
Gen Motors	9¼	91	93½	14.17	+147
GM Canada	9¾	91	94¼	14.17	+147
Gen Tstco	10⅝	92	93¼	13.37	+119
Genelcan X/w	10½	92	94	13.52	+114
Genfinance	10¼	93	92	13.36	+133
Genoss Zentrbk	9⅝	94	97¼	13.10	+86
Genstar	11¼	95	97¾	13.01	+130
GMAC	10½	92	94¼	14.13	+140
GMAC	10¾	91	97	13.97	+127
GMAC	9⅝	92	97¼	14.07	+147
GMAC	8½	92	89¾	13.82	+143
GMAC	9½	93	89½	13.37	+185
GMAC Con	11	94	94¼	13.85	+86
GMAC Con	10¾	92	94¾	12.53	+94
GMAC Con	10	95	91¼	12.56	+86
GMAC Con	10¼	98	96¼	13.30	+60
GMAC Con	10⅝	91	95¾	14.17	+147
GMAC Con	10⅝	93	97¼	13.24	+126
GMAC Con	10¾	92	94¾	12.93	+62
Groeem Fin	9⅝	91	96¾	13.49	+99
Halabo	9½	91	96¼	13.58	+88
Household Fin	10	92	94½	13.99	+129
Household Fin	9	94	88½	12.94	+97
IBM Can	9¾	93	93	13.34	+16
IBM Can	11¾	94	96½	12.59	+64
IBM Can	9½	92	92¼	13.47	+115
IBM Canada	13½	95	103¾	12.57	+65
Interfin Cred	11½	91	99¼	12.05	-45
Interfin Cred	11½	94	95¼	12.94	+99
Itt Fin	10	92	93½	13.99	+140
John Labatt	9½	93	94	13.77	+107
Kredietbank	11⅝	91	98¼	13.53	+83
Kredietbank	10½	92	101½	9.97	-343
Kredietbank	12	92	97½	13.67	+97
LTCB	11¼	94	94½	12.90	+96
Lb Rhein-Pfalz	9⅝	91	94½	13.70	+100
Lb Rhein-Pfalz	11	92	101¼	10.25	-233
Lb Schles-Hols	12¼	91	98¼	13.49	+79
Lb Schles-Hols	10¼	93	92½	13.38	+118
Lb Schles-Hols	10¾	93	95¾	12.26	+120
Loblaw	11¾	92	96¼	13.81	+131
Manitoba	9⅝	98	94½	12.45	+88
Maruberi	11	92	95½	14.07	+137
Mass Tran Rail	10	91	95½	14.05	+215
Mcdonalds	8½	92	97¼	13.94	+134
Mcdonalds	9⅝	93	91	13.41	+145
Mcdonalds Can	11½	94	96¼	12.80	+16
Mercedes Benz	10¼	94	96¾	12.89	+14
Merrill Lynch	11	91	98¾	11.84	-86
Merrill Lynch	10¼	91	96½	14.19	+149
Metro Toronto	8⅝	97	84½	12.22	+69
Metro Toronto	11	99	93¾	12.18	+81
Metro Toronto	13	94	105¼	12.79	+65
Metro Toronto	10¾	95	97	12.58	+67
Mitsui Fin 2	8	92	71¼	14.80	+141
Montreal	10½	90	98¼	13.23	+53
Montreal City	10¼	94	95½	12.77	+105
Montreal City	11	96	93½	12.65	+77
Montreal City	9	97	84½	12.52	+69
Montreal 'Nov'	12¼	91	97¼	13.89	+119
Montreal Tstco	11	90	98½	13.34	+64
Montreal Tstco	10⅝	93	93½	13.44	+133
Montreal Tstco	10	93	92	13.64	+144
Montreal Tstco	11	93	93¾	13.45	+141
Montreal Tstco	11¾	94	96	12.97	+104
Montreal Tstco	10¼	98	91½	12.50	+186
Montreal Ville	10½	95	97¼	12.90	+120
Morgan Gty	11	91	97¼	14.21	+151
NIB	10	90	98¾	13.28	+58
Nat Bk Mort	9½	91	94½	13.60	-90
Nat Trustco	10¼	93	93¾	13.17	+103
Nat Vic Grey	10¼	93	94	13.13	+102
Natl Austrl Bk	10	91	96½	13.98	+128
Ned Gasunie	9½	91	96½	14.07	+137
N Brunswick	10½	93	92	12.83	+65
N Brunswick	11⅝	95	96¼	12.68	+96
N Brunswick	12	95	97¾	12.77	+85
N Brunswick	9¼	98	84¼	12.37	+94
New Zealand	10½	95	92¼	12.54	+92
Newfoundland	9½	07	82½	11.95	+96
Nip Credit	9⅝	94	92	11.69	-36
Nip T&T	11⅝	92	97½	12.92	+57
Nip T&T	10⅝	96	92½	12.43	+84
Nip T&T	10¼	99	88¾	12.21	+100
Nip T&T	9⅝	91	94¼	14.09	+119
Nova Scotia	10⅝	91	96½	13.93	+123
Nova Scotia	11¼	95	96	12.77	+99
OLB	9⅝	93	91½	13.23	+118
Olivetti	9⅝	90	97¼	13.83	+113
Olymp & York	11½	92	95	14.00	+143
Olymp & York	11	93	94¼	13.64	+100
Ontario Hydro	10⅝	99	94¼	11.97	+62
Ottawa-Carlton	12½	94	98¼	12.83	+101
Ottawa-Carlton	9⅝	98	91	11.14	-29
Pepsico	8⅝	91	95¼	14.18	+148
Pernod Ricard	10⅝	91	96	13.48	+78
Philip Morris	10⅝	90	97½	15.45	+275
Pirelli	12	91	95¼	13.55	+85
Proct Gamble	11	92	95¼	12.84	+51
Prov Alberta	10	92	94¼	12.90	+38
Quebec City	9⅝	96	88	12.48	+99
Quebec City	9	97	84¼	12.55	+102
Quebec Hy	8¼	96	85	12.44	+104
Quebec Hydro	9	97	85¼	12.04	+52
Quebec Hydro	11	99	93.050	12.28	+85
Quebec Hydro	12¼	95	98¼	12.66	+72
Quebec Hydro	9⅝	01	85¾	11.99	+77
Quebec Prov	11	96	88⅝	12.33	+77
Quebec Prov	10½	98	89¾	12.47	+109
Quebec Prov	12	95	97½	12.70	+90
RBC	10⅝	90	98½	13.33	+102
RBC	10¼	91	96	14.11	+141
RBC	9	92	93	13.84	+114
Royal Trustco	10¼	94	91¼	13.17	+130
Royal Trustco	10¼	90	98¼	13.77	+107
Royal Trustco	10¼	92	93¼	13.87	+134
Royal Trustco	10¼	93	93¼	13.54	+149
Royal Trustco	9⅝	93	91½	13.47	+151
Royal Tst Mort	10¼	94	94¼	12.86	+89
SEK	10¼	90	98¼	12.42	+72
SEK	n.a.	90	39	16.67	-45
SNCF	9⅝	91	95½	13.88	+118

ECU Straights

Yen Straights

Issuer	Con	Mat	Price	Yld	Spd Trsy
AIDC	6	96	91	7.99	+127
Abbey Natl	5⅛	93	92	8.18	
Abbey Natl	5⅝	94	89½	8.31	
Allied Corp	6⅝	91	97¼	8.56	
Amex	5⅛	91	96½	8.87	
Amex	5⅞	93	94½	7.95	
Arco	6⅛	96	90	8.36	
Asian Dev Bk	7⅛	94	97	8.33	
Austr Telecom	5⅝	98	85	8.05	
Australia	5½	91	97¼	7.74	+108
Austri Control	5½	91	97	7.71	+105
Austri Control	4⅝	93	93½	7.33	+51
Austri Control	4¼	92	93	8.17	
Austri Control	5	93	92½	8.10	
Austria	4⅝	94	93½	6.83	+26
Austria	7	95	101¼	6.71	+9
Austria	5¼	98	71½	6.69	-9
Austria	5⅝	88	82	7.92	
Austria	5⅜	87	82	7.84	
Austria 'A'	5⅝	96	94½	6.69	-3
Austria 'B'	5½	01	84	8.08	
BFCE	4⅝	93	93¾	7.19	+58
BFCE	5⅝	96	89½	8.00	
BP	7	92	98	8.23	
Barclays Overse	6	96	93	7.44	+72
Bayer Ldbk	5⅝	97	98	8.14	
Bayer Vereinsb	5⅝	91	97½	8.03	
Bco Lavoro	5⅝	93	92½	8.38	
Belgium 2 M	6⅝	94	92½	6.84	+27
Belgium	4½	91	98¼	7.97	+131
Belgium	5⅝	92	96¼	6.82	+11
Belgium	6¼	93	94	8.01	
Bk Tokyo	5⅝	98	84	8.46	

Pound Sterling

The Global Newspaper.

MUTUAL FUNDS

Figures as of close of trading Friday, June 1.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. †—Previous day's quote. r—Redemption charge may apply. x— Ex dividend.

FROM FOOD PROCESSORS

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TOSHIBA

EUROBONDS

Cutting of Commissions Dismays Underwriters

By Carl Gewirtz
International Herald Tribune

PARIS — With new-issue volume running some 20 percent below last year's pace and the highly profitable equity-warrant business totally shut down, profit-starved underwriters of Eurobonds are expressing dismay at signs that banks are falling back on nasty old habits of cutting commissions to work for nothing.

The handling of two issues — Shearson Lehman Hutton's arrangement of Belgium's $500 million offering and Deutsche Bank's direction of Unilever's $150 million issue — drew wide criticism as a setback to recent efforts to establish a minimum level of fees banks need to stay in business.

The official line at Deutsche Bank is that Unilever's transaction was a "block trade," an add-on to an issue marketed last March and raising the total outstanding amount to a more liquid $400 million. The original issue was made under the new fixed-price offering method aimed at assuring that underwriters keep their fees of 32½ basis points.

> **'It's a nail in the coffin' for the market's drive to establish profitability.**

This time there were no fees, ostensibly because it was a block trade — although other banks were invited to participate in the placement — carried out at no risk to the banks. There was no risk because the new 10-year paper carrying a coupon of 9¼ percent was being offered at a price of 98.275, a spread of 62 basis points over Treasury yields at a time when the outstanding Unilever paper was trading at a spread of 57 basis points.

That appeared to leave underwriters with a fee of 5 basis points and a huge hole in what had been a united front among the major banks to establish acceptable minimum fees.

"It's a nail in the coffin" in the market's drive to establish profitability, one London banker moaned. "The implications are far-reaching."

Peter Bernard, syndicate manager at J.P. Morgan, commenting on both the Unilever and Belgium deals, said that "with some firms willing to work for nothing I will not be surprised to see others follow suit."

The Belgian issue was controversial on several counts.

It runs for an unusually long 20 years, which may not be as long as it looks, since investors have the option to request redemption at par after 10 years.

SUCH LONG maturities are standard in the United States and the Belgian paper was also being offered in registered form to American institutional investors under the newly liberalized procedures for private placements.

Looking at the coupon of 9.2 percent and an offering price of 99.8 as if the paper had a life of 10 years, the yield to investors was 41 basis points higher than the return on Treasury bonds: a level widely regarded as too skimpy to appeal to investors here. The consensus in the market was that the paper needed to yield 46 to 48 basis points more than Treasuries to attract buyers.

But bankers could offer the paper to investors at a spread of 46 basis points only by giving away all of their underwriting commission.

The option to redeem the bonds after 10 years or to continue to hold them for a further 10 years has a theoretical value, estimated by Shearson to be worth about 21 basis points.

But critics point out that European investors put a lower value on such options than do investors in the United States or Japan. Thus there was a widespread view that most of the bonds were sold in the United States — where investors would be willing to pay a higher price than Europeans — meaning that there would never be a liquid aftermarket for whatever bearer bonds were sold outside the United States.

While refusing to estimate what percentage of the paper was sold in which markets, a Shearson spokesman insisted that "the bulk of the issue was not distributed to U.S. investors but traditional Eurobond investors."

The Eurobond market last week also saw the first public reopening of the market for perpetual subordinated floating-rate notes. A substantial amount of such paper has been recently been marketed as private placements, largely to Japanese leasing companies by banks seeking to boost their Tier 2 capital.

The public issue is for Skopbank of Finland, which had initially aimed to make a private placement in Japan. But the appetite for Finnish perpetuals appeared to be already filled by placements underway for Postipankki and Union Bank of Finland.

Both are seeking $100 million and both are paying an initial margin of 60 basis points over the London interbank offered rate for the first five years. Although details on subsequent margins were not available, such issues typically provide for margins to rise every five years for the first 20 years to levels — around 2

See EUROBONDS, Page 11

CURRENCY RATES

Cross Rates

June 1

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.907	3.2025	1.1282	0.3337	0.153 *	—	5.467 *	1.3325	1.2522 *	1.622	1.816 *
Brussels	34.90	58.635	20.595	6.181	2.7972 *	18.286	—	24.30	0.2289	29.75	32.225 *
Frankfurt	1.694	2.844	—	0.2983	0.1359 *	0.8879	4.856 *	1.1843	1.1115 *	1.442	1.613 *
London (a)	1.6875	—	2.845	9.5925	2,087.50	3.1965	58.465	2.2973	253.475	1.9780	176.27
Madrid	105.65	176.45	62.028	18.389	8.41 *	55.85	3.0180	73.25	68.96 *	89.58	—
Milan	1,246.75	2,090.30	734.25	218.11	—	653.76	35.258	871.40	8.188	1,062.40	11.823
New York (b)	—	1.681 a	1.699	5.725	1,250.05	1.912	34.925	1.4325	151.95	1.1753	105.28
Paris	5.7175	9.598	3.3759	—	0.4584 *	2.9974	0.1639	3.9955	3.751 *	4.87	5.444 *
Tokyo	152.40	255.86	89.58	26.64	0.1222	79.82	4.3782	106.73	—	129.89	1.4582
Toronto	1.1746	1.9749	0.6999	0.2051	0.0401 *	0.6143	3.387 *	0.8168	0.7742 *	—	1.12 *
Zurich	1.4345	2.4026	0.8462	0.2506	0.1145 *	0.7511	4.0961 *	—	0.9434 *	1.2128	1.3554 *
1 ECU	1.2123	0.7214	2.053	6.9202	1,511.67	2.3122	42.2801	1.7353	184.504	1.4838	127.346
1 SDR	1.2986	0.7885	2.2281	N.Q.	1,624.12	2.4993	45.7392	1.8754	199.536	1.5404	137.426

Closings in London and Zurich, fixings in other centers. New York closing rates, Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5070.2	Greek drac.	165.3	Mex. peso	2833.01	S. Afr. rand	2.657
Austral. $	1.3021	Hong Kong $	7.784	N. Zealand $	1.7361	Soviet ruble*	0.5974
Austr. schil.	11.93	Indian rupee	17.391	Norw. krone	6.513	Swed. krona	6.124
Brazil cruz.	54.80	Indo. rupiah	1821.03	Phil. peso	22.66	Taiwan $	27.12
Chinese yuan*	4.72	Irish £	0.6303	Port. escudo	148.40	Thai baht	25.67
Danish krone	6.4635	Israeli shek.	1.96	Saudi riyal	3.7495	Turkish lira	2558
Egypt. pound	2.4433	Kuwaiti dinar	0.2916	Sing. $	1.853	UAE dirham	3.672
Fin. markka	3.958	Malay. ring.	2.709	S. Kor. won	711.50	Venez. boliv.	45.00

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6747	1.6649	1.6562	Canadian dollar	1.1783	1.1841	1.1886
Japanese yen	151.52	151.37	151.23	Swiss franc	1.4258	1.4253	1.4251
Deutsche mark	1.6931	1.6928	1.6928				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	June 1	May 25	Ch'ge
DJ Indus.	2,900.97	2,820.92	+2.84 %
DJ Util.	211.71	211.27	+0.21 %
DJ Trans.	1,190.15	1,152.74	+3.25 %
S & P 100	344.86	336.77	+2.40 %
S & P 500	363.16	354.58	+2.42 %
S & P Ind	423.85	413.63	+2.50 %
NYSE Cp	198.03	193.71	+2.23 %
Britain			
FTSE 100	2,371.40	2,265.60	+4.67 %
FT 30	1,882.40	1,800.00	+4.58 %
Japan			
Nikkei 225	22,891.00	22,794.00	+0.30 %
West Germany			
DAX	1,856.95	1,823.17	+1.85 %
Hong Kong			
Hang Seng	3,159.17	3,059.50	+3.25 %
World			
MSCIP	525.10	519.78	+1.04 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	June 1	May 25
Discount rate	7.00	7.00
Federal funds rate	8 5/16	8¼
Prime rate	10.00	10.00
Japan		
Discount	5¼	5¼
Call money	7 7/32	7¼
3-month interbank	7 7/32	7 9/32
West Germany		
Lombard	8.00	8.00
Call money	7.90	7.90
3-month interbank	8.30	8.30
Britain		
Bank base rate	15.00	15.00
Call money	15.00	15.00
3-month interbank	15 3/16	15 3/32

Gold	June 1	May 25	Ch'ge
London p.m. fix $	363.45	366.50	−0.83 %

Dollar Is Unlikely to Sustain Gains, Analysts Say

By Carl Gewirtz
International Herald Tribune

PARIS — Currency analysts were unimpressed with the dollar's prospects to sustain its gains after the U.S. currency hit a two-month high against the Deutsche mark last week.

"The dollar is up largely on political considerations," said John Lipsky, London-based analyst for Salomon Brothers. While the dollar went just over 1.70 DM before closing Friday at 1.6980 DM, the U.S. currency's exchange rate with the yen barely moved.

Mr. Lipsky cited concern about the weakening Soviet economy, the political weakness of President Mikhail S. Gorbachev and his intransigence about a unified Germany being a member of NATO for "underscoring the political safe-haven role of the United States."

On top of that, be added, "is the tempest in West Germany over the alleged conflict between the Bundesbank and the Bonn government" over terms of monetary unification, scheduled for July 2.

"This has left traders with the impression that the Bundesbank will be reluctant to stir markets now by tightening its policy."

The dollar also benefited from confusion about the state of the U.S. economy and whether the next move in interest rates is up or down.

The May U.S. employment numbers reported Friday were weaker than analysts had expected and fueled expectations that rates were headed down. Lower rates mean higher bond prices and rising stock prices, but also a lower dollar.

The dollar did dip briefly, but quickly recovered on comments from government officials cautioning against too exaggerated a reading of the employment numbers and a subsequent purchasing managers' report showing that business booked for June is picking up.

The larger picture for most analysts is that the dollar is in a trading range. It hit 1.6250 DM in early May and its failure to go lower convinced traders that having hit bottom it had nowhere to go but back up. Analysts now estimate that the current ceiling is around 1.72 DM.

"The dollar is basically neutral against all currencies," said Simon Crane, a London-based technical analyst.

"I can't see the dollar going very far," concurred Christopher Potts of Banque Indosuez in Paris. "The dollar could go higher, but I wouldn't chase it because it wouldn't be sustainable."

Citing "good fundamentals in Germany and better fundamentals in Japan," Paul Chertkow, Citibank's London-based analyst, forecast that by early autumn the dollar would be trading at 1.55 DM and 132 yen, compared with the current level of about 152 yen.

The assumption all analysts make is that by autumn the Bundesbank will raise interest rates, based on the strong performance of the economy and public-service wage increases scheduled for August, and that will be the signal for the dollar to retreat.

While the yen-dollar relationship is now out of the limelight, Richard Koo, Tokyo-based analyst for Nomura Research, believes the yen is quietly building a base for a strong comeback.

"There was no crumbling Berlin Wall here to attract attention," he said, "but my sense is that the gradual change underway here is

See DOLLAR, Page 11

Chinese and Soviets Plan Commodities Markets

Compiled by Our Staff From Dispatches

The establishment of commodities markets in the Soviet Union and China was announced over the weekend, a sign of the increasing incursion of free-market ideas into the former bastions of Communism.

In Beijing on Sunday, the English-language China Daily reported that the government has approved a market in wheat futures in Zhengzhou, capital of the central province of Henan. Additionally, exchanges for corn, rice and pork are planned in other cities.

A day earlier, the mayor of Moscow said the city's government has formed a rudimentary commodities exchange for such items as building materials and computers. Municipal authorities, more radical than the Soviet government, said the exchange was a precursor to dismantling the centrally planned economy.

Similarly, the China Daily called the decision to establish the Henan wheat exchange, "a breakthrough in the country's systematic reforms."

Details of the four planned commodities markets will be announced at the end of the month, but foreigners will not be allowed to trade on them at first, the newspaper said.

Besides the wheat exchange, a corn market is planned for Changchun in Jilin provice; one for rice in Wuhan, Hubei province; and a third for pork in Sichuan province. The four interior provinces did not significantly benefit from policy shifts in the 1980s that led to strong economic growth in coastal areas.

In February, China signed an accord with the Chicago Board of Trade that allowed it to study futures markets and train traders.

The markets are aimed at cutting down large fluctuations in the prices of agricultural products brought about by deregulation in the 1980s. The changing prices have caused heavy losses to some peasants and forced an increase in subsidies for city people.

In Moscow, the commodities exchange is being established to bring an end to the black market for essential goods.

Gavriil K. Popov, the mayor, said, "We have two enemies to creating a market economy: One is the shadow economy, and the other is the administrative system that rules our centralized economy. A commodities exchange will strike a blow to both."

Asked if the Soviet government might disapprove, Mr. Popov replied, "Well, let's put it this way: No one is asking their permission."

The exchange is operating as a Soviet-Italian-Yugoslavian joint venture, but currently is open only to Soviet companies.

An adviser to President Mikhail S. Gorbachev said in February that the Soviet Union was considering setting up securities exchanges.

(AFP, Reuters, UPI)

Opposing Pressures Stabilize Platinum

By Jonathan P. Hicks
New York Times Service

NEW YORK — When Ford Motor Co. announced in December 1988 that it had developed a catalytic converter that would not require platinum, the metal's price plunged.

Platinum producers feared that demand would evaporate. But Ford's new converter is still in testing, and platinum demand is near an all-time high. The metal's price has been sustained at about $500 an ounce this year by environmentally conscious governments in the United States and Europe, and by status-conscious Japanese: The metal's leading uses are in jewelry and catalytic converters.

> **Worldwide supplies of platinum are close to meeting demand, but turmoil in South Africa or the Soviet Union could disrupt shipments.**

Jewelry accounted for 38 percent of the 3.4 million ounces (95.2 million grams) sold outside Communist — or formerly Communist — nations in 1989. A record 1.15 million ounces of platinum went for jewelry in Japan, almost 20 times the amount used by American jewelers.

An additional 37 percent of the non-Communist world's demand came from producers of catalytic converters. Slightly more than half of this amount went into converters in the United States, the first country whose air-pollution standards made the devices necessary.

Toughened American pollution laws will require a new generation of converters that will use even more platinum. The likelihood of tighter environmental standards is making the converters more common in Europe as well, especially in West Germany, where strict anti-pollution regulations are already in place.

In fact, growth is likely to be greatest in Western Europe, where only three of every 10 cars already have the converters.

While jewelry makers could easily turn to gold and silver, automobile makers cannot.

Platinum is also an important chemical catalyst, used in making many products worth far less per ounce than the pure metal: gasoline, fiberglass, optical glass, certain kinds of rubber, some electrical equipment, even plastic seat covers and nylon carpeting.

But its chemical use has diminished as manufacturers seek ways of doing without this costly ingredient.

The non-Communist world depended on South Africa last year for 77 percent of its platinum. The only other major source, the Soviet Union, produced about 16 percent of international supplies — up from about 10 percent in previous years, as the Soviet Union tried to earn more hard currencies.

The worldwide stock of platinum is close to meeting demand, but turmoil in either country could disrupt shipments. Some analysts suggest that political reforms in the Soviet Union and South Africa could bring militancy among mine workers looking for improved conditions.

News of unrest in either country regularly sends platinum prices climbing; calm sends them back down.

Jeremy S. Croombes, an analyst at Johnson, Matthey PLC, the London-based corporation that is the world's largest trader in the metal, said he is especially worried about unrest among black miners in South Africa.

For a while, platinum appeared likely to join silver and gold as a mainstay in any precious-metal portfolio. Investment demand, virtually nil until the early 1980s, grew to 155,000 ounces in 1983, 490,000 ounces in 1985 and 630,000 in 1988.

But last year, as gold and silver prices stagnated, investors decided they needed only 160,000 more ounces of platinum. The Japanese, the world's most active platinum investors, turned away abruptly, cutting their demand from 415,000 ounces in 1988 to 65,000 in 1989.

"The demand for platinum as an investment tool has been dragged down by gold and silver prices, which have performed more poorly than platinum," said Bruce Kaplan, a precious metals consultant in Los Angeles.

Common wisdom in the platinum business is that the metal seems brighter when its price is moving, no matter which way. The Japanese are said to buy when the price is falling, while Europeans and Americans jump in on the way up.

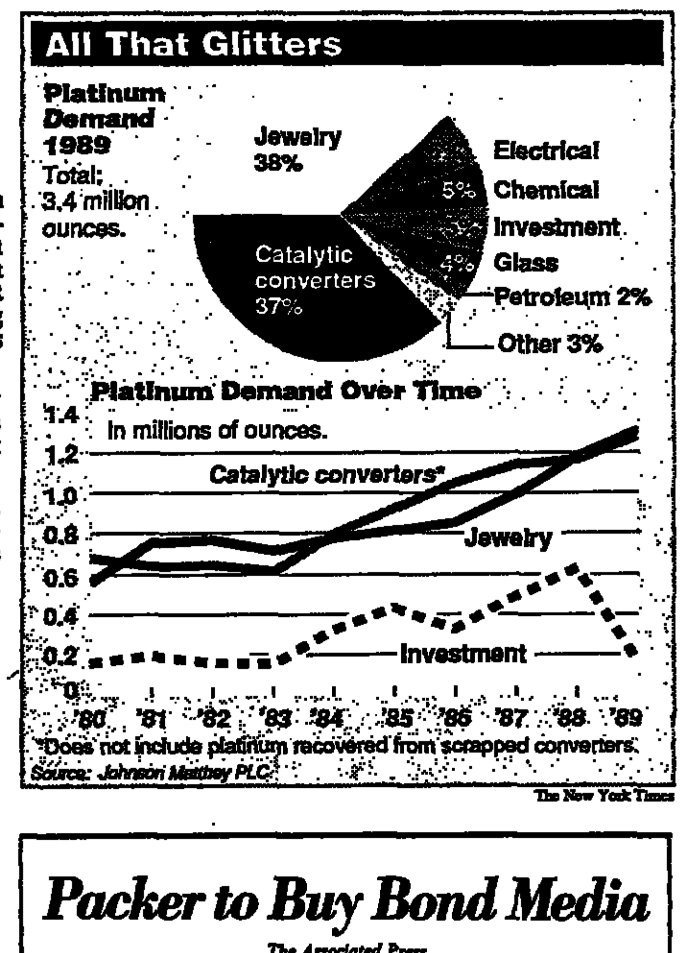
For a while, it seemed that Michigan had more to say about platinum prices than producers or investors. In December 1988, Ford announced ambitious tests of a catalytic converter made without platinum.

Ask the company how things are going with its platinum-free converters now, and the response is a copy of the 1988 press release.

Platinum assists in converting nitrogen oxide pollutants in automobile exhaust into carbon dioxide and water. Few still believe that pollution-control equipment can dispense with platinum entirely.

Some automakers are increasing their use of rhodium, another precious metal that is often found in platinum ores.

At $1,600 an ounce, rhodium is far more costly and rare than platinum.



The New York Times

Packer to Buy Bond Media

The Associated Press

SYDNEY — Australia's richest man regained control of the country's top-rated Nine television network after Bond Media Ltd. accepted a 200 million Australian dollar ($153.8 million) buyout deal.

The bid by Kerry Packer, which is subject to bank and regulatory approval, won out Saturday over an eleventh-hour offer by a consortium that included America's NBC International.

Mr. Packer would regain control of the Nine Network for a fraction of the billion-dollar price he sold it for in 1987 to Bond Media, a company of the embattled financier, Alan Bond.

Poor Nations Ask for Aid With Debts

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Developing nations ended a summit on Sunday with a call for more money to be made available to poor nations to help them repay debts and a plea that those with arrears should not be punished.

But a communiqué issued by the first high-level meeting of the Group of 15 nations shunned the heated oratory and sweeping proposals that have emerged from similar gatherings. Instead it called for practical cooperation and self-help as well as aid from the industrialized world to poor countries.

Current measures to end the crushing debt problems of the Third World are inadequate and need to be enhanced, the Group of 15 said in its communiqué.

"This includes a positive approach, and not punitive measures, to the problem of arrears with multilateral financial institutions," it said.

The United States has suggested to the World Bank and International Monetary Fund that nonpayers be punished.

Officials also expressed concern that the interests of poor nations were not being considered in the current round of trade negotiations taking place under the General Agreement on Tariffs and Trade.

They are seeking concessions in textiles and agriculture in exchange for opening fragile industries to global competition. *(Reuters, AP)*

Receivers Named For B&C

Request Comes After Creditors Reject Debt Plan

Reuters

LONDON — British & Commonwealth Holdings PLC, the financial services conglomerate, has been taken over by administrators who will seek to resolve its debt problems, the company's chairman said on Sunday.

"It was with deep regret that the board of B&C decided it had no alternative but to seek to place the company in administration," Sir Peter Thompson said in a statement.

He said the company made the decision after several senior creditors refused to back restructuring proposals drawn up by the board.

The Sunday Times newspaper identified those creditors as Midland Bank PLC, Lloyds Bank PLC and Standard Chartered PLC.

A statement issued by the Ernst & Young accounting firm said that two of its partners and a member of Buchler Phillips & Co. had been appointed administrators of British & Commonwealth at the request of the company's directors.

In addition, Ernst & Young staffers were appointed administrators of B&C Group Finance Ltd., British & Commonwealth Merchant Bank PLC and British & Commonwealth Capital PLC.

The administrators said their primary objective was to produce rescue plans for the four companies.

They said the rescue plan was aimed at preserving the full value of all the businesses in the conglomerate and would be implemented as soon as possible with the approval of the creditors.

"The administrators will take every step possible to try to rehabilitate the companies as going concerns with the ultimate goal of achieving trading situations in which they will come out of administration," the statement said.

Administration is a British form of receivership.

The move had been expected since the Securities and Investments Board removed the concern on Friday from its list of banks authorized to accept client money.

B&C submitted its first draft restructuring proposals last month, but creditors were dissatisfied with the terms, which called for a 25 percent write-down of the company's senior debt held by banks and unsecured loan holders.

B&C's difficulties stem from its April decision to write off £550 million ($923.9 million) for its Atlantic Computers PLC subsidiary, which has also been put under administration.

B&C said it planned to dispose of assets to raise about £750 million over the next 18 months to help pay off its debt, which is estimated at up to £1.3 billion.

B&C expanded rapidly in the 1980s from money brokerage to investment management, leasing, banking development capital and real estate.

Salinas Tries to Quicken Pace of Change

By Larry Rohter
New York Times Service

MEXICO CITY — As usual, Carlos Salinas de Gortari is a man in a hurry — and with some tough decisions to make.

This week, Mexico's 42-year-old president heads to the United States again, his third visit in less than a year.

While it took the United States and Canada three years to shape a free-trade agreement, Mr. Salinas is convinced a similar accord between his country and the United States must be reached more quickly, and believes Washington is ready to start dealing.

"I think it would be advantageous for both economies if it were a shorter time," he said during an interview at Los Pinos, the Mexican presidential residence.

For Mr. Salinas, time is a commodity not to be wasted. Since taking office in December 1988, the Harvard-educated economist has routinely taken dramatic steps to open and modernize the Mexican economy, long one of the most closed and protected in the world.

He has put state enterprises like airlines, mines, steel mills and the telephone company on the block; permitted imports to surge to pressure Mexican producers to become more efficient; liberalized foreign-investment regulations; overhauled the tax system; and cut the deficit to its lowest level in a quarter-century.

In doing so, he has won the applause of the World Bank, President George Bush and leaders of other industrialized nations, who now hold Mexico up as a textbook example of modernization for the rest of the world to follow.

But the more Mr. Salinas does, the more he needs to do. The problem is that the rest of world is now changing at an even more rapid pace, and Mr. Salinas finds himself scrambling not to fall behind.

Mexico's minister of finance, Pedro Aspe, may be receiving invitations from the new leaders of Eastern Europe to deliver tutorials on how to dismantle a state-dominated economy and make it competitive, but Western investors seem more impressed by what is occurring in East Germany, Hungary and Czechoslovakia than by events in Mexico.

As a result Mr. Salinas faces a difficult choice: either further accelerate the pace of reform, which is already intense by Mexican standards, or risk losing the gains he has promised the Mexican people.

"Salinas has followed the recipe and done everything the way you are supposed to do it," said Rogelio Ramirez de la O, a leading private-sector economist who is sympathetic to the president's objectives.

"But his situation reminds me of that Bunuel movie in which every time they sit down to eat, something happens and they have to get up from the table. As a result, he and his people are finding that much of what they thought would not be necessary has become necessary."

Just last month, Mr. Salinas delivered a most heretical message to the one million workers who marched by the balcony of the National Palace expecting the ritual stroking that comes each May 1, Mexico's Labor Day.

They must, he told them, "increase productivity, lower costs and help win markets inside and out of the country."

A day later, he announced that he intended to privatize the country's banking system, nationalized in 1982.

And by the end of May, he obtained approval from Mexico's Congress for the proposal that promises to be the most important of his administration: negotiation of a free-trade agreement.

One major assumption by Mr.

See MEXICO, Page 11

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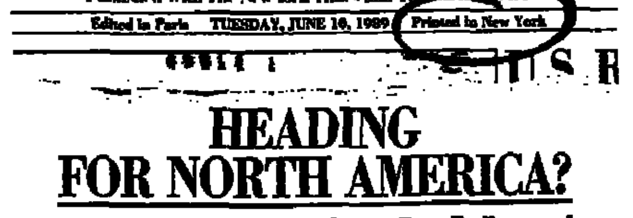

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LLOYDS INTERNATIONAL SMALLER COMPANIES FUND
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg No B 7635

Notice of Meeting

Messrs Shareholders are hereby convened to attend the Statutory General Meeting which will be held at the registered office on June 19, 1990 at 11.00 a.m. with the following agenda:

Agenda

1. Approval of the management report of the Board of Directors and of the report of the Authorized Independent Auditor.
2. Approval of the annual accounts, appendices and appropriation of results as at December 31, 1989.
3. Discharge to be granted to the Directors for the past financial year.
4. Re-election of the Directors and the Authorized Independent Auditor for a new term of one year.

The Shareholders are advised that no quorum for the items of the agenda is required and that the decisions will be taken at the majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

By order of the Board of Directors

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, June 1.

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd			4633	32	31½	31¾	+¼
ABS	.32	4.1	43	8¼	7¾	7¾	
ACC Co	.16	1.1	2793	14¼	13¾	14¼	+⅜
ADC			2944	23⅛	21⅝	22	−1¼
ADT			13211	32¾	31¼	32½	+1⅛
AEL			1646	4⅝	4¼	4½	+⅛
AEP s			123	16	14½	15	+½
ALC h			2381	⅝	¼	⅜	+⅛
ASK			2524	9⅞	9⅛	9⅝	
AST			17679	25½	23⅛	25⅜	+1¾
AamRt	.10	1.0	240	10	9⅝	10	+¼
AbeLinc			1	6¾	6¾	6¾	−¼
Acadin			16062	1¼	1⅛	1⅛	+
Accel	†		78	7¾	7½	7½	
Acialm s			17331	16	13¾	14¼	+½
Acl wtB			2404	5⅝	4⅝	4⅝	+⅛
Aceto	.14b	.9	18	15	14¾	15	+½
ACMT			1	12	12	12	−½
Acmt a			2	9¾	9¾	9¾	
AcmeS			64	17¾	17½	17½	
ActARt	†		1893	8	7½	7¾	−¼
ActnSv	.32b	10.7	61	3	2¾	3	+¼
ActAuSt			256	1⅞	1⅝	1⅝	+⅛
Acxiom			7432	22	20½	21½	
AdacLb	.04t		12780	1⅝	1⅜	1⅝	+⅛
Adage			947	1	⅞	1⅛	−
Adapt			3751	19¼	16¾	18⅝	−¼
Adingt s			2427	19	17¼	18½	+¼
AdiaSv	.16	.8	1175	22	20½	21¼	−½
AdobeS	.21e	.6	87346	38¾	34½	34¾	−½
Adtec			839	3⅝	3½	3½	
AdvCir s			3018	10¾	10	10¼	
AdvRos			154	10¾	9¾	10	−½
AdvMos			36	12¾	12	12	−¾
AdMkSv			195	5¾	5⅜	5⅝	
AdvPoly			2800	6	5½	5⅝	+⅛
AdvSem			167	5⅝	5½	5½	−½
AdvTel			1565	20¾	19¾	20	−⅛
Advanta	.10	.7	3795	14¼	12	14	+2
AdvoSy			3033	11⅞	10¾	11⅛	
Aeautrn			599	2⅛	2⅛	2⅛	+⅛
Aegon	2.46e	3.7	71	66⅞	65¾	66⅞	+1½
AerSvsl			742	⅞	¾	⅞	−⅛
Aeroyx			2594	4⅝	4⅛	4⅝	
AfBcCp	.32	8.5	830	4¼	3¾	3¾	−½
AfBsh			329	12⅝	12¼	12⅝	+⅛
AgncyR	.48t	5.0	3025	13¾	13⅛	13⅝	+⅛
Agnico g	.20	3.0	1132	7⅛	6⅝	6⅝	
Agourn			426	9⅜	8⅜	8⅝	+⅜
AirMd			1309	5¼	5	5	−⅛
AirWisc	†		1320	10⅝	10½	10⅝	+½
Airtran	.16	2.1	332	7⅞	7¼	7½	+⅛
Akorn	.07e	4.7	553	1⅝	1⅛	1½	+⅛
Akzo	1.79e	5.6	3007	32	31	32	+⅜
Alaten	1.10	9.4	117	11⅞	11	11⅝	+⅛
Aldus			3184	26⅝	24½	25¼	−⅜
AlexBr	.22	1.5	2757	14⅝	13⅝	14¼	+⅝
AlexBld	.38	2.8	5977	32	29⅝	31¼	+1½
AlfaCo	.40	4.0	688	10¼	9⅞	10	
Alico	.20	.7	152	30	28½	28¾	
AllAm s			122	2	1⅞	1⅞	
AllCity			188	6	5⅝	5⅝	
AlegW			607	9¾	8⅞	9¼	−⅜
AlnOrg	.40a	1.1	2	35	35	35	−1
AllonPh			1477	11	10	11	+⅜
Alliant			4881	8	7¼	7½	+⅛
AlldBk	.30	4.1	62	7⅜	7¼	7¼	+⅛
AlldCap	1.23e	6.6	715	18¾	18¼	18⅝	+⅛
AldCaII	.46e	3.7	693	18	17½	18	
AlldGp	.48	3.7	1268	13¼	13	13⅛	−⅛
AlldRsh			802	2⅝	2⅜	2⅝	+⅛
AloyCpl			78	⅜	¼	⅜	−⅛
AllstFn			500	9⅛	8⅝	9⅛	+⅛
Allwst s			9808	10¼	10¼	10¼	+⅛
Aloette	.32	1.6	158	19¾	19	19¾	+⅛
Alphari			1780	½	¼	⅜	−⅛
AlpMic			62	3⅝	3⅜	3½	
AltaGld	.06e	1.5	2258	4⅛	3⅞	3⅞	−⅜
Altai			1	3¼	3¼	3¼	
Altera			3521	13⅝	12⅛	12¾	−⅜
Altus			366	1½	1¼	1¼	−⅛
Altos			362	5⅝	5⅛	5⅛	−¼
Altron			75	6⅞	6⅝	6⅝	
AmcorF	.50	3.4	133	14¾	14½	14¾	−¼
Amrlon	.48	3.8	8	12½	12½	12½	−¼
Amerbc	.11r	2.3	142	5¼	4⅞	4⅞	−⅛
AFFM2	1.90e	24.1	338	7⅞	7⅝	7⅞	
AFFF	1.50	8.1	263	19¼	18	18½	−⅜
AmFPr	1.30	11.1	232	11¾	11⅝	11¾	+⅛
AFTxE	1.00	11.1	1609	9	8⅞	9	+⅛
AFTxE2	1.28	14.6	306	9¼	8¾	8¾	−⅛
AWAirl			2671	9⅞	9⅝	9⅝	+⅛
AmBcp	1.15e	5.1	82	23¼	19½	22½	+½
ABnkr	.50	5.4	923	9⅝	9¼	9¼	−¼
AmCaR			2218	11¼	10⅝	11⅛	−⅛
AmCity			226	17¼	16¾	17	+⅛
ACoIold	.44	4.3	16	11	10¼	10¼	−⅛
AConsu			27	7½	6¾	6¾	+⅛
AmEcol			51	4⅜	4	4	−½
AFSvDu			56	4⅜	4¼	4¼	−⅛
AFIm s			6157	11⅝	11	11⅜	−⅛
AmFI wt			972	7⅜	7	7¼	−⅛
AFIltrn	.86	3.5	8	24⅜	24¼	24¼	−⅛
AGreet	.66	1.8	8780	37¾	36¾	36⅜	−½
AHltSv			478	2	1⅞	1⅞	+⅛
AIndF	.08	1.5	21	5¼	5⅛	5⅛	−⅛
AmIntg			763	6½	6¼	6¼	−⅜
AmLck	2.00e	38.1	8	5¼	5¼	5¼	+1
AMS			2804	15⅛	14½	14⅝	+¼
AMedE			483	8⅝	8⅛	8½	+⅛
AMldi			243	⅛	⅛	⅛	+⅛
ANtlns	1.60	4.6	226	35½	34½	35	+⅛
ANuclC			124	⅜	¼	⅜	
AmNurs			1277	3½	3	3⅜	+⅜
AmPac			1197	14	12¾	13½	+⅜
APhyG			195	1⅜	1⅛	1½	−⅛
AmPion			661	⅞	¾	¾	−⅛
APwCv			653	35½	34½	34¾	−⅛
ARelian	.44	4.4	25	10	9½	10	+⅛
ARepBc	.10e	1.4	6	7⅛	7⅛	7⅛	
AmRice			425	1	⅞	⅞	−⅛
ASoft	.32	1.3	2022	24½	23⅝	23¾	+⅜
AmSft			401	7	6¼	6¼	−⅜
ATvCm			1576	37¼	36½	36¾	−⅛
ATravs s			3856	18⅜	17½	18	−⅛
AmAli	.30e	7.0	1413	4⅝	4	4⅜	+⅛
AmFtBk			1149	2	1¾	1⅞	−⅛
Amerifr	1.28	7.1	4078	18	17⅞	18	+¼
vlAmrtk			2	¼	¼	¼	
Amgen			14252	75½	69⅝	73⅛	−1⅝
Amistar			11	1½	1⅜	1⅜	−⅛
AmskBk			830	3⅜	2⅞	3	
Amoskg	.40a	2.4	17	25	23	25	
Amplcn			4143	7½	7	7½	+½
Amserv			71	5⅝	4⅞	4⅞	−⅛
AmtcCp			2843	17	15¾	15⅞	−1⅛
Amvest	.20	5.2	930	3⅞	3⅝	3¾	+⅛
Anlogic			1422	9⅝	8⅝	9⅝	
AnalyTc	.17	1.8	61	10	9⅛	9¼	−½
Analy s	.48	2.6	794	19	18¾	18½	+½
Anangel	1.60e	13.3	2547	12¼	11⅜	12	−⅛
Anaren			25	2⅝	2½	2½	
AnchSv			500	1⅜	1⅛	1¼	−⅛
AndrGr			77	9	8½	8⅝	+1
AndvBc	.80	11.8	512	7½	7	6⅞	−⅛
AndvTc			49	3	2⅝	2⅝	+⅛
Andrew			2268	23	22⅛	23	+⅝
Andros			335	10⅞	10½	10⅝	
ApogEn	.24	1.3	2043	19⅝	16½	19	+2⅛
AppleC	.44	1.1	69681	42	39⅛	40⅜	+1½
Aplabes			1651	27¾	19½	19½	−7
ABiosci			476	33¾	32½	32¾	+1½
ApldBio			3463	13	12¼	12½	+⅛
ApldMt			7514	38½	36	38⅝	+2⅜
ApldPw	.12	.4	1392	27	26	26⅞	+⅜
ApldSir			176	8	6⅞	7½	+⅛
Archive			12976	13¼	12½	12¾	−⅜
Arbor s	.16	.8	523	20⅛	19⅛	19⅝	
Arden			14	59½	59	59	
ArgoGp	1.60	2.7	308	76½	75½	75½	
Aritch			487	11	10	10⅛	−1
ARIX			381	1½	1⅜	1½	
Artzinst			156	4⅝	4⅛	4⅝	+⅛
ArkaFt			200	21	20	20	−⅛
Armor	.64	3.9	659	17¼	15⅝	16½	
Arnold	1.00	2.8	37	36¼	34⅞	36⅛	+1⅛
ArrowBk	.68	4.7	79	14¼	13⅝	14½	
Artel			795	6½	5⅞	6	+⅛
ArtWay	.40	5.1	203	8	7⅜	7⅞	+⅛
Ashton			10491	12⅛	11¼	12¼	+⅜
Aslamr	†		4543	4⅝	4	4⅛	−⅛
AspctTI			2901	18¼	17⅜	18¼	+⅞
AspenR			101	2⅝	2⅝	2⅝	−⅛
Assix			997	7⅛	7	7⅛	+⅛
Assix wt			335	2⅝	2⅜	2⅜	−⅛
AsdBnc	.72	3.3	225	22	21½	22	+½
AsdCmA			38	32	30½	31½	+⅛
AsdCmB			382	31¾	29¾	31¾	+2
Astec			368	7½	7	7	−⅛
AstrM s			222	8⅝	8⅛	8⅝	+⅛
Astrcm			298	1⅝	1⅛	1⅛	+⅛
Astron			261	1⅞	1	1	+⅛
Astrosy			1784	4⅛	3½	3⅞	+½
Atek			206	3⅞	3⅜	3⅞	+⅛
Athey	.10r	1.0	10	9⅝	9¾	9¾	+½
AticoF	.20	2.3	12	9⅛	8⅝	8⅝	
Atkinsn	.48	3.4	247	14⅞	14	14⅛	−⅜
Atlntd	.40b	3.6	2	11	11	11	
AtlAm			18	1⅞	1⅞	1⅞	
AtlSeAr	.50	2.5	3518	21⅝	20	20⅝	−⅛
Atwood	.82e	2.1	577	40⅝	39¼	40	+1
AtwdOc			3336	22	20	21½	+1½
AutTrT			109	3⅛	2⅝	3	+⅛
Autoctv	.20b	1.9	72	10¾	10	10½	+⅛
Autodk	.20e	.4	12163	52½	49½	49½	−1¾
Autodie			34	7	6½	7	
AutoInf			3158	5	4½	4⅝	+⅛
AutoSy			564	7⅝	7¼	7⅝	+⅛
AutoCp			257	12¾	11⅝	12⅜	+⅛
Avntek			1841	3¼	3	3⅛	+⅛
Avatar			556	23	22½	23	+⅛
Avndle	.92	9.8	831	9⅝	9⅛	9⅜	
Azlar			13672	7⅝	6¾	6⅞	−⅛
AztcM	.10	2.1	37	5⅝	4⅜	4⅝	
B							
BB&T s	.80	4.2	876	19½	18¾	19¼	+¼
BH Bulk	1.51e	39.8	313	4	3⅝	3⅞	+⅛
BEI El	.08e	1.2	376	6⅞	6⅝	6⅝	+⅛
BEI			68	3½	2⅞	3	−⅛
BF Ent			35	5½	4⅞	5½	
BFS NY			13	9	8⅝	9	+⅛
BGS	.40a	2.1	3637	20⅛	19	19½	−½
BHA			429	22⅝	20⅛	22¼	+3
BHA B			1249	23	21⅝	22	
BKLA	†		35	8	7¼	7¼	
BMA	1.20	3.5	836	34	33	33⅞	+⅜
BMC Sf s			4096	25½	22⅛	25	+⅜
BMJ	.60	4.9	132	12¼	12	12¼	+¼
BMR Fn			124	7¼	7¼	7¼	
BNH	.24	4.5	62	5⅝	5	5⅜	+⅛
BSB Bcp	.60	4.4	573	14	13	13⅝	+⅛
BT Fin	.80	5.3	81	15	14¾	15	
BT Shp			1897	11½	10⅛	11½	
BTR	.08	1.4	21	5⅞	5⅝	5⅝	+⅛
BTU Int			1444	3⅜	3⅛	3⅜	+⅛
Babage			2672	8⅝	7¼	7⅝	+⅜
Badger	.40a	2.8	5	17	17	17	−⅛
Bailey			4	1⅛	1⅛	1⅛	
BakerJ	.06	.5	4460	13⅞	12⅞	13⅛	+⅛
Balchm	.03	.7	10	4⅛	4⅛	4⅛	−⅛
BldLyB	.30	1.5	111	20⅜	20½	20½	
BoldPlo			118	9⅞	9⅜	9⅝	+⅛
Balard	.10	.4	1381	27	24⅝	26⅜	+1
Baltek	.15	1.8	45	8⅝	8¼	8¼	
BncPnc	1.60	3.7	867	46½	39½	43⅛	−2½
BncPop	.80	4.2	236	19⅛	18⅜	19	−½
BcoHw s	1.44	3.2	1856	51½	48⅜	51⅜	+2⅛
BcMiss	.84	4.2	37	21	20	20	−½
BcpNJ	.40	4.6	65	9	8⅝	8⅝	−⅛
Banctec			4463	23⅜	20	22¾	+2⅜
BandaM	.88	10.1	52	8⅞	8⅝	8⅝	+⅛
BangH	1.24	8.1	138	15⅜	15¼	15¼	−⅛

(Continued on Page 15)

New International Bond Issues

Compiled by G. Jennifer Shapiro

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Fixed-Coupons						
Belgium	$500	2010	9.20	99.80	100.30	Redeemable at par in 2000. Fees 0.325%. De nominations $10,000. (Shearson Lehman Hutton Int'l.)
ESOP Finance Trust	$173.80	1995	9.35	100¼	100.87	Noncallable. Denominations $2 million. Fees 0.25%. (Goldman Sachs Int'l.)
Japan Highway Public Corp.	$200	2000	9⅝	101¼	100.62	Noncallable. Fees 2%. (IBJ Int'l.)
Nippon Credit Bank Finance	$130	2000	10	102	—	Callable at par in 1993. Fees 2%. Denominations $100,000. (Nippon Credit Int'l.)
Nissan Int'l Finance Nederland	$50	1993	10.855	101⅝	—	Noncallable. Coupon will be 10.855% in first year, 9.973% in 2nd year and 7.673% in 3rd year. Fees 1⅜%. Denominations $100,000. (IBJ Int'l.)
Unilever Capital	$150	2000	9¼	98.275	—	Noncallable. Fees not disclosed. (Deutsche Bank Capital Markets.)
Nacional Financiera SNC Mexico	DM 150	1995	11	100	—	Noncallable. Fees 2%. (Dresdner Bank.)
Crédit d'Equipement des Petites et Moyennes Entreprises	FF 1,000.	2000	10	101.60	99.725	Noncallable. Fees 1⅞%. (Crédit Commercial de France.)
Austria	ITL 150,000	1993	12½	101.60	100.37	Noncallable. Fees 1⅞%. (Banca Commerciale Italiana.)
Inter-American Development Bank	DF 250	2000	9¼	101	—	Noncallable. Fees 1%. (Algemene Bank Nederland.)
New Zealand	ECU 300	1997	10⅝	100	99.90	Noncallable. Fees 0.325%. (UBS Phillips & Drew Securities.)
Oesterreichische Kontrollbank	ECU 150	1995	10¾	102⅜	100.20	Noncallable. Fees 1⅞%. (Paribas.)
Finnish Real Estate Bank	FIM 100	1993	13.40	99½	—	Noncallable. Fees undisclosed. (Skopbank.)
Council of Europe	Aus$ 50	1991	20	101¾	100.75	Noncallable. Redemption at maturity may be in Canadian dollars at a fixed exchange rate of C$0.865 per Australian dollar. Fees 1%. (Bankers Trust Int'l.)
Dresdner Int'l Financial Markets Australia	Aus$ 75	1993	15¼	102	100.37	Noncallable. Fees 1½%. (Dresdner Bank.)
McDonalds Restaurants of Canada	Aus$ 100	1995	15	101.65	99.50	Noncallable. Fees 2%. (Deutsche Bank Capital Markets.)
Shell Australia	Aus$ 100	1993	15¼	101⅞	100.17	Noncallable. Fees 1½%. (Hambros Bank.)
State Bank of South Australia	Aus$ 100	2000	14½	102	100.00	Noncallable. Fees 2½%. (Hambros Bank.)
Australia & New Zealand Banking Group	NZ$ 50	1992	14	101.95	100.82	Noncallable. Fees 1¼%. (Fay Richwhite.)
Monte dei Paschi di Siena	Y 10,000.	1993	6.90	100⅞	—	Noncallable. Fees 1⅛% (Yamaichi Int'l.)
Swedish Export Kredit	Y 30,000.	1993	6⅞	101¼	99.90	Noncallable. Fees 1⅜% (LTCB Int'l.)
World Bank	Y 15,000.	1995	6⅝	100¼	—	Noncallable. Fees ½% (Norinchukin Int'l.)

Argentina Faces Tough Negotiations On Its Debt

Reuters

BUENOS AIRES — Talks starting this week in New York between Argentina and creditors of its $37.5 billion commercial debt are likely to be the toughest the country has ever faced, according to a Central Bank official.

Argentine debt negotiators are due to meet private bank representatives for formal negotiations on June 7, said the official, who asked not to be identified. The executive vice president of Argentina's Central Bank, Javier Gonzalez Fraga, will travel to New York on Monday for talks with creditors.

"They are bound to be the toughest talks Argentina has ever faced," the official said. "Don't forget that we haven't repaid banks a cent for over two years."

Argentina, which has a $66 billion total foreign debt, must also obtain a waiver from private banks to sell state-owned assets tied to foreign loans.

Although private banks have insisted that the Peronist government make a token repayment before talks, Argentine officials insist that the country will pay only what it can afford to repay.

"The government will only be able to make partial payments on interest on the medium- and long-term public sector debt it contracted with commercial banks," Argentina said last month in a letter of intent for an IMF standby loan.

"Argentina will try to reach an agreement with banks to resume those payments, depending on resources available in the 1990 financial program and combined with negotiations with commercial banks" which may lead to the reduction of the debt, it added.

The government hopes to raise up to $5 billion in foreign-debt certificates by selling stakes in the state telephone company and Aerolineas Argentinas.

Interest Rates Slide on Weak Jobs Data

Compiled by Our Staff From Dispatches

NEW YORK — Interest rates plunged last week on statistics that indicated weakness in the U.S. economy, but analysts said the surge in bond prices that ensued likely would level off as the market digested its gains.

The credit market's benchmark bond, the 30-year U.S. Treasury issue, rose more than two-and-a-half points, to 103 14/32. The higher price meant its yield tumbled to 8.44 percent from 8.67 percent a week earlier.

Interest rates plunged Friday after the government reported an unexpectedly small increase in employment last month. The almost insignificant rise in new jobs in May renewed expectations of a drop in interest rates, sparking a strong demand for fixed-income securities, raising prices and lowering yields.

Because a low-interest-rate environment is generally bullish for stocks, these expectations also helped drive the Dow Jones industrial average up by 80.05 points for the week, to a record 2,900.97. Auto, bank, and other interest-sensitive issues were particularly strong.

The demand for Treasury, corporate, and mortgage-backed securities exploded after the opening of

U.S. CREDIT MARKETS

trading Friday, when the government reported that only 17,000 nonfarm jobs were created nationally in May, excluding the 147,000 census workers hired last month.

Because any negative economic development lessens the prospects for higher interest rates and inflation, the employment statistics caused traders to rush to lock up current yields before they fell. Dealers said the demand was especially strong for long maturities.

"The credit market didn't need further evidence that the economy was weakening, but it got plenty more of it with the job data," said William V. Sullivan Jr., senior vice president of Dean Witter Reynolds Inc. "More important, it reawakened expectations that the declining economy would cause the Federal Reserve to lower interest rates generally."

Bond investors were also encouraged by a rebound in the dollar, which had fallen sharply after the employment figures. Declines in the prices of gold and many basic commodities, which are considered barometers of inflation, also contributed to the credit market rally.

Mr. Sullivan and other market specialists cautioned the sharp advance in prices of fixed-income issues "had left many dealers on the Street almost entirely on the long side of the market."

Mr. Sullivan noted that because buying interest was concentrated in long-term Treasury bonds, the yield curve between those issues and short-term securities dramatically flattened. For example, the return on Treasuries due in three years fell to 8.34 percent, down from 8.59 percent a week earlier and only 10 basis points below the 8.44 percent yield on the 30-year issue. Seven-year securities returned 8.47 percent, down from 8.72 and thus more than the long bond.

When investors expect the Federal Reserve Board to push rates lower, the yield curve often flattens. But the federal funds rate, the overnight interbank loan rate that the central bank influences, rose to 8.313 percent from 8.25 percent.

The Fed did not intervene in the money market, perhaps because the funds traded at 8.25 percent most of the day, where market participants believe the Fed has held the rate since last December.

Lief H. Olsen, who has a financial management and consulting firm bearing his name in New Canaan, Connecticut, was cautious. "The job data will not move the Fed to do anything," he said. "As surprising as the May employment numbers were, they are not being confirmed by other economic data. For example, we find no evidence of any significant decline in consumption."

But Mr. Olsen, a former Fed official, added that if the employment trend continued into June, the central bank would be forced to stimulate the economy, despite its preoccupation with the threat of inflation.

Many economists believe the Fed will wait for upcoming May U.S. inflation data before it eases credit. The May U.S. producer price index is to be released June 14, followed the next day by the consumer prices for the same month.

"The inflation numbers will be almost the trigger of a policy move," said Kathleen Stephansen, a Fed watcher at Donaldson Lufkin & Jenrette Securities Corp. "Given the hawks on the Federal Open Market Committee, they'll want to see at least another month of good inflation numbers." *(NYT, Reuters)*

SEC Seeking Safer Money Funds

New York Times Service

NEW YORK — The Mortgage & Realty Trust, an investment trust that dealt mainly in commercial real estate mortgages, defaulted on its commercial paper in March. A month later, it went bankrupt.

But investors in the 10 money funds left holding $75 million of sharply downgraded paper did not realize the extent of the troubles until they were resolved: T. Rowe Price Associates, which sponsors a fund that held the lion's share of the paper, put up $65 million to buy the securities so investors would be protected. The nine others did the same.

This multimillion-dollar debacle — the second in a year — sent up warning signals to Washington, and the Securities and Exchange Commission wants to make sure it does not happen again.

Kathryn B. McGrath, head of the SEC's division of investment management, has put together a proposal that would force mutual money-market fund managers to upgrade their portfolios and take fewer risks with investors' money. Under it, managers would have to shorten the average maturities of their holdings, diversify their investments and buy issues with higher credit ratings than currently required.

Ms. McGrath said she expected the proposal to come before the commission "sometime soon." She added, "A handful of problems in the last year have caused us to take a new look at the rules."

The relatively small size of the recent bailout allowed the funds to absorb losses rather than pass them on to investors. But the SEC wanted to act before more money was involved. "When the amounts get bigger, the funds simply won't be able to afford it," Ms. McGrath said.

The Mortgage & Realty bankruptcy — and last year, Integrated Resources Inc.'s default on $23 million in commercial paper held by a Value Line Inc. fund — offer key reminders that money funds, which now have $400 billion in assets, carry certain risks, despite industry efforts to promote them as being as safe as savings accounts.

These funds buy short-term debt securities, such as commercial paper, and generally provide higher yields than federally insured bank accounts. They often provide investors with checkbooks that allow them to withdraw their investments quickly and use them to pay bills.

"Investors should be aware that money funds are not insured savings accounts and they don't have the blessing and guarantee of the U.S. government," said A. Michael Lipper, president of Lipper Analytical Services in New York, which monitors mutual funds.

To keep a rein on money funds until her proposal is acted upon, Ms. McGrath recently wrote to fund companies to remind them that under current rules, money funds must maintain high-quality portfolios whose underlying "securities present minimal credit risks." She ordered SEC field inspectors to keep a closer watch over the funds.

Despite these efforts, Ms. McGrath believes fund investors face no imminent danger. "I'm not particularly worried," she said.

The huge size of some of the fund groups can provide a cushion if their money funds run into trouble. And there are already safeguards in place — such as regulations on creditworthiness of holdings — that preclude disasters.

Still, funds are not legally required to absorb losses. And publicly held fund groups are accountable to shareholders, not just investors, so they might refuse to bail out funds with shareholder money, Ms. McGrath said.

Investors could effectively avoid the risk of default by purchasing shares in funds that buy only Treasury bonds.

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EUROBONDS: *Underwriters Dismayed as Banks Pare Commissions*

(Continued from first finance page)

percentage points over Libor — that investors hope become onerous enough to ultimately force the issuer to redeem the notes.

Skopbank had been offering the Japanese an initial coupon of 62½ basis points over Libor.

In its public issue, Skopbank is offering an initial coupon of 43¾ basis points over Libor. The issue carries a 50-year maturity but is being marketed as a perpetual as Skopbank has the right to indefinitely extend the maturity.

The coupon is to be reset every three months. If Skopbank and the lead manager, Merrill Lynch, fail to agree on subsequent margins, the coupon is to be set at ¾ point over Libor during the first five years. This fallback rate rises to ⅞ point over Libor in the second five years and 1¼ points thereafter.

On the face of it, the liquidity of the issue is assured because Merrill stands ready to buy paper back for cash providing that the margin is below this fallback maximum rate on the coupon refixing date.

But critics say the liquidity aspect is less real than it appears. The time investors would likely want to rush to get out of the paper is the likely time that Merrill and the bank would be unable to agree on the margin, resulting in the fallback pricing that locks investors into the issue.

Union Bank of Finland is also tapping the public market for $200 million of such variable rate notes. Its 10-year issue will carry an initial coupon of 15 basis points over Libor for the first three months.

During the first five years, the fallback margin if issuer and manager cannot agree on pricing is to be ½-point over Libor and subsequently rises to ⅝-point over Libor.

In the Deutsche mark sector, Mexico's Nacional Financiera increased its issue to 150 million DM from the initially indicated 125 million DM. The five-year notes were priced at par bearing a coupon of 11 percent.

While bankers cautioned against overestimating how much demand there was for such high-yield bonds, quite a few heavily indebted Latin American borrowers who have never rescheduled their public bond debt are lining up to tap the market.

DOLLAR: *Analysts Say Gains Can't Be Sustained*

(Continued from first finance page)

place, that creates lots of investment opportunities. If all the unrealized investment opportunities to upgrade the standard of living of the 120 million people in Japan were realized, the reconstruction of East Germany would pale in comparison," he said.

His scenario is that with money staying home to be invested in Japan, the yen should strengthen. A higher yen should contribute to reducing inflation, which in turn will relieve fears of higher interest rates and lift the weight currently bogging down prices of stocks and bonds in Tokyo.

The Finance Ministry reported Friday that net purchases of Japanese bonds by foreign investors rose to the equivalent of $2.58 billion in April, up from $924 million in March.

The prospect of Japanese and German money staying home means that the dollar will weaken. The only question analysts have is whether this occurs in a catastrophic climate — foreigners boycotting Treasury sales — or in a positive way.

The key to a smooth transition is a decline in the U.S. budget deficit and a reduction in America's need for foreign capital.

A combination of higher taxes and lower spending, now under discussion in Washington, would be a drag on U.S. growth that would permit the Federal Reserve Board to lower interest rates.

That, in turn, would weaken the dollar. But the lower exchange rate would boost exports and higher sales coupled with lower interest rates would spur investment that would keep the United States from falling into a recession.

MEXICO: *Salinas Tries to Quicken Pace of Change*

(Continued from first finance page)

Salinas has already been undermined: When Mexico concluded an historic debt-reduction agreement with its 500 commercial bank creditors last July, Mr. Salinas and his economic team predicted that a burst of growth was imminent, fueled both by a surge of foreign investment and the return of Mexican capital that had gone abroad.

The National Development Plan sent to the Mexican Congress shortly afterward predicted that the $26.5 billion that foreigners have invested in Mexico would double by 1994.

What Mr. Salinas could not anticipate, however, was that Communism would collapse in Eastern Europe and present Mexico with a whole new set of rivals.

Overnight, state-owned companies were on the block around the world, offering the foreign investor attractive new possibilities.

As a result, the government's emphasis is now clearly on the domestic sector.

The decision to privatize the banks, which are highly profitable, is expected to bring home as much as $7 billion in capital that had been sent abroad in the early 1980s.

Similarly, the mere prospect of a free-trade agreement with the United States is expected to encourage Mexican investors to take advantage of new opportunities at home instead of buying real estate in California and Texas.

Still, even if a free-trade agreement is reached, it will not be a panacea. Mexico faces a gamut of structural problems that will test Mr. Salinas's political resolve and his reputation as an innovator and reformer.

"The problem is not Salinas or his 10 top people," said one foreign official. "But in an ossified system like this one or the Soviet Union or any other place where there has been one-party rule for a long time, you run into tremendous problems the deeper you go into the society."

Mr. Salinas's biggest challenge probably lies in Mexico's agricultural system, which has suffered a dramatic deterioration in recent years and is described by one East European diplomat here as "even more backward than that of the Soviet Union."

More than half the country's arable land is held as *ejidos*, a pre-Columbian form of land tenure in which a peasant community collectively owns a piece of land and the natural resources and houses on it. As Mexico's population has grown, the parcels worked by individual peasants have shrunk in many cases to an acre or less, thus making economies of scale impossible.

Combined with a tradition of low prices for agricultural producers and large subsidies for consumers, the result is a disaster in the countryside that contributes heavily to Mexico's widening trade gap.

'In an ossified system like this one, you run into tremendous problems the deeper you go into the society.'

A foreign official.

But official recognition of ejido ownership was one of the principal issues over which more than a million people lost their lives during the Mexican Revolution, and to this day many Mexicans maintain a mystical attachment to the institution. Mexican law states that ejidos are "inalienable, nontransferable and nonattachable," conditions that drive away investment that might otherwise flow into agriculture.

Thus, the steps Mr. Salinas can take to modernize the countryside are limited unless he wishes to risk a long, emotional and politically costly battle to change the Mexican Constitution.

A similar situation prevails at Pemex, the state oil company, which is also viewed as "untouchable" because of the profound nationalist sentiments associated with it.

The corrupt labor leaders who manipulated those feelings to their own profit at the height of the oil boom a decade ago have been jailed or squeezed out since Mr. Salinas came to power, but Pemex continues to be notoriously overstaffed and unproductive.

Some limited activities have been opened to private participation through new decrees that are paragons of bureaucratic legerdemain, but foreigners are largely unimpressed: before rushing in, they want new laws passed to make investments more secure.

Complaints that Mexico has not done enough to provide foreign investors with the protection they require are common in other areas as well, especially among the Japanese business executives Mr. Salinas will be meeting during a 10-day Asian trip that starts June 17 in Tokyo.

Potential foreign investors are quick to note that Mr. Salinas changed only the administrative regulations governing their activities, shying away from rewriting a restrictive 1973 foreign-investment law that remains on the books.

They say that the country's labor regulations, traditionally staunchly pro-union, are increasingly being interpreted in favor of corporations, but argue that the entire labor code needs to be replaced.

They point out that they can now buy preferred stock that allows them to share in the profits of companies formerly closed to foreign investment, but complain that they are still denied a voice in management.

When asked about the complaints, Mr. Salinas chose to focus on one of the problem areas. "The changes we have made in our investment regulations to stimulate foreign investment are very recent," he said, adding that critics must "give us time to make them work."

But whatever the political realities, the economic realities are making their own demands. A surge of inflation has placed renewed pressure on the exchange rate. That has slowed the growth of exports. And fears are growing that the foreign debt problems could re-emerge.

The government's strategy "is highly dependent on the success of capital repatriation and foreign investment," said Jesus Silva Herzog, a former minister of finance. "If they don't come, then we are going to have serious problems again with the service of the debt in 1991 or 1992."

With such dire possibilities on the horizon, Mr. Salinas is not likely to be slowing down any time soon.

Euromarts At a Glance

Eurobond Yields

	May 30	May 23
U.S. $, 8 yrs & over	9.59	9.55
U.S. $, 5 to 7 yrs	9.59	9.60
U.S. $, less than 5 yrs	9.01	8.82
Pounds sterling, less than 5 yrs	13.41	13.58
French francs, less than 5 yrs	10.08	10.41
Ital. lire, less than 5 yrs	12.19	12.25
Danish kroner, less than 5 yrs	10.77	10.63
ECU, 8 yrs & over	10.33	10.46
ECU, 5 to 7 yrs	10.37	10.53
Can. $, less than 5 yrs	13.04	13.46
Aus. $, less than 5 yrs	15.14	15.47
N.Z. $, less than 5 yrs	13.54	13.35
Yen, 5 to 7 yrs	7.39	7.57
Yen, less than 5 yrs	7.30	7.41

Source: Luxembourg Stock Exchange.

Weekly Sales — May 31

Primary Market

	Cedel $	Cedel Num$	Euroclear $	Euroclear Num$
Straights	41.90	584.60	298.10	389.90
Convert.	—	—	—	—
FRNs	—	33.80	40.00	429.80
ECP	6,402.60	852.80	7,626.40	2,394.90
Total	6,444.50	1,471.20	7,954.70	3,214.60

Secondary Market

	Cedel $	Cedel Num$	Euroclear $	Euroclear Num$
Straights	6,798.30	10,589.40	9,434.90	10,099.30
Convert.	150.10	630.60	604.90	541.20
FRNs	1,551.60	2,101.20	3,006.90	3,717.30
ECP	4,911.90	1,388.70	2,656.50	1,786.80
Total	13,411.90	14,709.90	15,863.28	16,143.80

Source: Euroclear, Cedel.

Libor Rates — June 1

	1-month	3-month	6-month
U.S. $	8¼	8 5/16	8⅜
Deutsche mark	8 1/16	8 3/16	8½
Pound sterling	15⅛	15¼	15 3/16
French franc	9 13/16	10	10⅛
ECU	10⅛	10¼	10½
Yen	7 5/16	7 5/16	7⅜

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds — June 1

Maturity	Close Bid	Close Ask	Yield	Wk.-ago Yield
15.05.92	100 10/32	100 12/32	8.33	8.52
15.05.93	100 22/32	100 24/32	8.34	8.59
31.03.94	100 9/32	100 11/32	8.41	8.64
15.08.95	100 13/32	100 15/32	8.39	8.61
15.01.97	100 4/32	100 6/32	8.47	8.72
15.05.00	102 27/32	102 29/32	8.45	8.69
15.02.06	106 30/32	107 2/32	8.52	8.79
15.05.20	103 13/32	103 15/32	8.44	8.67

Source: Salomon Inc.

U.S. Consumer Rates — June 1

Tax Exempt Bonds: Bond Buyer 20-Bond Index	7.53 %
Money Market Funds: Donoghue's 7-Day Average	7.68 %
Bank Money Market Accounts: Bank Rate Monitor Index	6.03 %
Home Mortgage, FHLB average	10.29 %

Source: New York Times.

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Belgium	B.Fr.	11,000	7,200	6,000
Denmark	D.Kr.	3,100	1,268	1,700
Finland	F.M.	2,000	1,276	1,100
France	F.F.	1,600	1,392	880
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—*hand delivery	D.M.	758	261	389
Great Britain	£	150	105	82
Greece (mail)	Dr.	33,000	28,880	18,000
—hand delivery Athens	Dr.	41,000	20,880	23,000
Ireland	Irl.	155	118	85
Italy	Lire	420,000	308,000	231,000
Luxembourg	L.Fr.	11,000	7,200	6,000
Netherlands	Fl.	600	472	340
Norway (airmail)	N.Kr.	2,250	1,380	1,200
—**hand delivery	N.Kr.	2,700	940	1,480
Portugal	Esc.	31,000	30,900	17,000
Spain (mail)	Ptas.	35,000	25,065	19,200
—***hand delivery Barcelona, Bilbao, Seville	Ptas.	38,000	22,060	20,900
—***hand delivery Madrid	Ptas.	51,480	—	25,740
Sweden (airmail)	S.Kr.	2,200	1,440	1,210
—**hand delivery	S.Kr.	2,800	840	1,540
Switzerland	S.Fr.	500	446	275
Rest of Europe, North Africa, former French Africa, Middle East	$	500	Varies by country	275
Rest of Africa, Gulf States, Asia	$	650		365
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SINGAPORE

Communications: From Rudimentary to Revolutionary

A quarter of a century ago, Singapore was still living in the dark ages of telecommunications. The only kind of telephone available was a black, rotary-dial model offered by Singapore Telecom. Today, all telephones in the island republic are touch-tone, push-button units. Customers can choose from a wide range of systems and services.

"When you sit back and think about it, it's quite a change," says Koh Boon Hwee, chairman of the board of Singapore Telecom. "Twenty-five years ago, if you wanted a telephone instrument, it was like choosing a Model-T Ford." Because the

Phone numbers that follow subscribers

switches were electromechanical, the reliability of the system was much lower than it is today. If you wanted to call overseas, you had to dial an operator, book a time slot and wait hours. You considered yourself fortunate if you got through. And if you wanted a telephone, you were lucky to get one. As recently as 1973, there were 30,000-40,000 people waiting for telephone lines.

Singapore now has international direct dialing for easy connections around the globe. The reliability of the entire system has been tremendously enhanced by optical fibers, which link all exchanges in the trunk network. There's instant service on demand. If you want a telephone line tomorrow, you can get one.

And there is a range of services that had not been dreamed of a quarter-century ago: facsimile service, computer communications through modems and value-added services like auto-redial that are made possible by the digital network.

Singapore has strived over the last 25 years to create an attractive environment for business investment, particularly for multinational corporations (MNCs) wishing to set up manufacturing or service subsidiaries in the Asia-Pacific region. This environment would have been almost impossible to achieve without good communications. "Especially if you are a subsidiary of an MNC with headquarters in the United States or Europe, you want to have a reliable means of keeping in touch," says Mr. Koh. "The growth of the telecommunications infrastructure has been an important factor in the consideration of these companies of where to locate."

Singapore Telecom has been responsible for making the telecommunications infrastructure in the island republic as up-to-date as possible. Singapore is one of the only countries in the world with nationwide Integrated Services Digital Network (ISDN) service, which increases efficiency and quality in fax transmission.

"If you want Singapore to always be an attractive center for business, you have to be near the forefront of these developments," says Mr. Koh. "That's always been our goal — to keep our infrastructure, our products, our services as close to the leading edge as possible. The way we stay abreast of technology is to understand the trends and make the best selection of equipment and products possible to provide the services that we need for our customers."

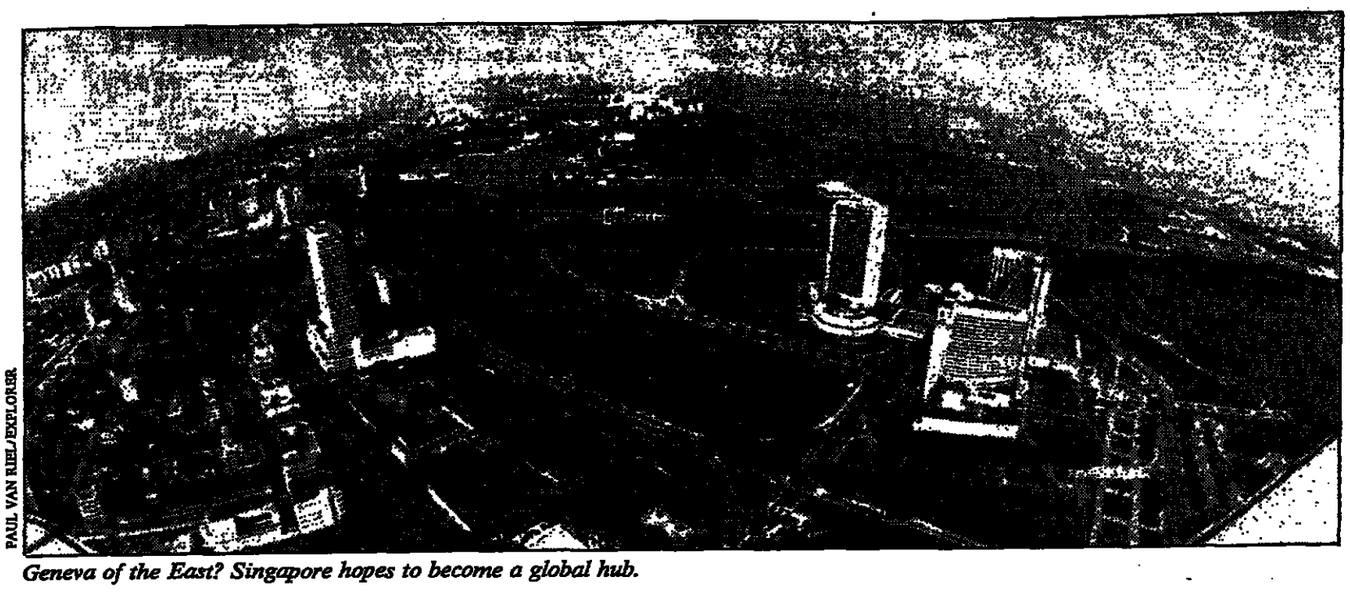
Several areas of telecommunications development will be important to Singapore over the next decade. ISDN service will continue to be enhanced. Singapore already has an ISDN link with Japan, and shortly it will conclude agreements for ISDN linkages with Britain and the United States.

Teleview, a revolutionary videotex system, is just around the corner. Once the system is installed, users can pay bills, order routine products and services or call up their bank statements on Teleview monitors in their homes or offices. But the system can provide more than information or monetary transactions; it is interactive and can be used as a two-way educational tool.

The Teleview project's long-term goal is to ensure that all Singaporeans — but especially the younger generation — become comfortable using this kind of information technology in their everyday lives. The government hopes that in time it will enhance personal productivity.

"We are not proposing that this would be something that would replace [human] contact altogether," says Mr. Koh, "because that would make

Continued on Page 14



PAUL VAN RIEL/EXPLORER

Geneva of the East? Singapore hopes to become a global hub.

Taking a Gamble on Global Strategy

Singapore has staked its future on a marketing scheme called global strategy, which would bind the island republic to the international business network.

The term "global strategy" isn't new to marketing experts. Since the 1970s, it has been a buzzword in multinational corporations trying to diffuse products and services around the world.

In many respects, that's what Singapore is now trying to accomplish. Be-

It will be a total business city

ing a small tropical nation with few natural resources and limited manpower, Singapore has decided that it must forge diverse international partnerships to guarantee it a key position in global business for many years to come.

Singapore, in fact, may be the first nation to have chosen global strategy as its primary vehicle for economic development.

In practical terms, this means going out and talking to executives from large international companies, discerning their business strategy and seeing how it can relate to Singapore. It means inviting these executives to come and have a look at Singapore's infrastructure, life-style and other key factors that could make the island a corporate "home away from home."

"We are encouraging companies to integrate Singapore into their global strategies because we do believe that we can add value to their operations," says Tan Chin Nam, managing director of the Economic Development Board (EDB). "We have to be moving all the time, and this, in essence, is what economic development is about — moving on to a new level of achievement."

To understand how Singapore came to stake its future on global strategy, one must look at the early years of independence, when the economy labored under severe handicaps.

When it became independent, Singapore severed many of its economic ties with Malaysia. It had virtually no infrastructure for modern industrial or financial activities. Singapore had no choice but to invite foreign investors to participate in the building of the nation.

"In 1965, the focus was really on survival," says Mr. Tan. "We had to make a living in the world."

Any available surplus was pumped back into the development of infrastructure. This, in turn, attracted more foreign investment, and Singapore became one of the great manufacturing centers of the Far East.

A major recession in 1985 — prompted by rising wages and falling competitiveness — was like a slap in the face. Singapore realized that its position in the global economy was extremely vulnerable. The world could live without Singapore, yet Singapore could not live without the world.

The Economic Committee Report in 1985-86 warned that the island must adopt a global strategy to move on to the next economic growth curve. Singapore decided to reposition itself and to head in a new economic direction.

"Our role was changed into helping Singapore become a global city with total business capabilities," says Mr. Tan. "This positioning has had a profound impact on our development strategy. We are seeing Singapore performing the role of a strategic node for global business. International companies will integrate Singapore into their operations to help them in coordinating their regional activities — which are then further integrated into the global business network of the companies."

A vital component of this ongoing dialogue with the international corporate world is the Global Strategies Conference (GSC), a biannual seminar that draws hundreds of top corporate CEOs, presidents and managing directors. The conference provides a forum for Singapore authorities and corporate executives to dicuss mutually beneficial business development plans. "GSC is essentially a client servicing exercise," says Mr. Tan, "so that we are able to promote a long and sustaining relationship."

The first GSC in 1988 aimed to introduce the "New Singapore Product" to the international business community. It demonstrated what the island could offer in terms of infrastructure and attitude vis-a-vis its Asian competitors. The focus of GSC 90, which will be held June 4-6 at the World Trade Centre, is slightly different. This time the spotlight will be on forging worldwide partnerships. "The theme at that point in time [1988] was on Singapore partnership, which means we offered ourselves for collaboration with the global enterprises," says Mr. Tan. "Now that [multinational corporations] have understood our basic positioning, now that we have come up with some new capabilities and new approaches, we would like to invite such companies to look at Singapore again so that they will be able to think of us in terms of a long-term, productive relationship."

Among the guest speakers at GSC 90 are Hewlett Packard President and CEO John Young, NEC President Tadahiro Sekimoto, Glaxo Chairman Sir Paul Girolami and Thomson Chairman Alain Gomez.

Despite the substantial gains that have been made in five years, Mr. Tan feels that more work needs to be done to secure Singapore's stake in global strategy.

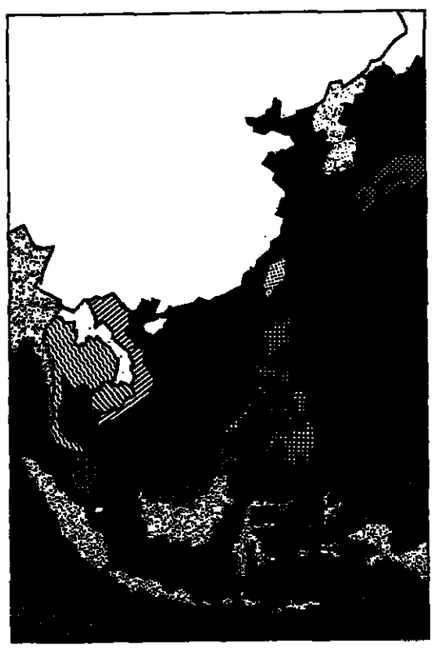
"We are seeing a new Singapore emerging according to this concept of total business," says Mr. Tan. "But we must have even better infrastructure so that companies will be able to make use of Singapore as a nerve center, to go beyond manufacturing and embrace the full spectrum of business activities — R&D, logistics, distribution, financial management and, of course, international business coordination.

"In the context of this evolving economic development situation in Asia, there will be more and more opportunities for linkages, for collaboration."

Many years of forming global partnerships have taught us the business languages of the region.

From the outset, DBS Bank was charged with the mission of implementing Singapore's economic priorities.

One of the areas of focus was attracting investments to Singapore. Part of this programme included building global partnerships with businesses which wanted to be based in Singapore and other countries in the region. These partnerships were achieved through joint ventures, with major local and foreign corporations and institutions, and by providing funds.



The success of these global partnerships have played an integral part in Singapore becoming the ideal city to have an Asian business base. This success is also reflected in DBS Bank's standing as Singapore's leading bank. We're now Singapore's largest local commercial bank with assets worth over US$17 billion. We're a major lender of medium and long term funds. We're a leading mobiliser of funds in the capital market.

And we're still forming new global partnerships.

Our vast and intimate knowledge of Singapore and Asia, our understanding of business people and our cultural affinities, as well as our innovative thinking makes us the perfect business partner. You can tap our expertise almost anywhere in the world through our overseas network of international offices and correspondent banks.

So, if you're interested in doing business in Asia, talk to the bank that speaks your language and understands the business languages of the region.

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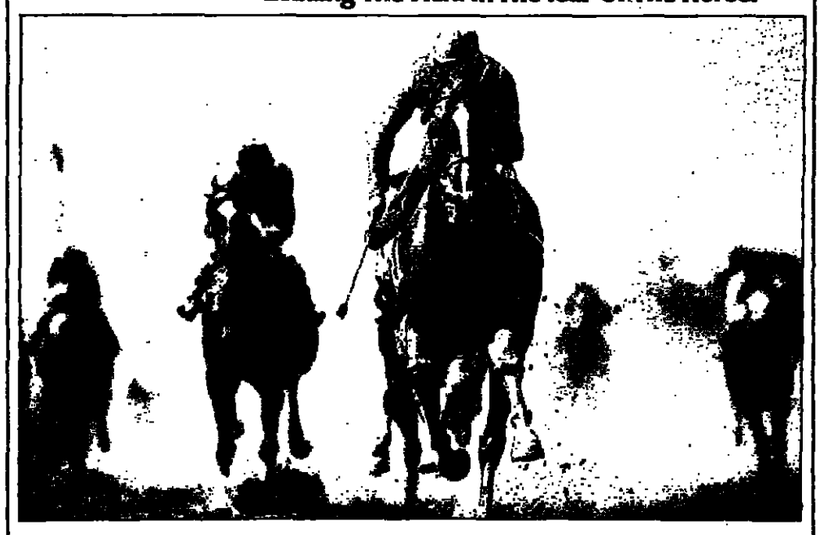
Leading The Field In The Year Of The Horse.



An exciting buoyant property market exists in Singapore. Many an investor has shown more than a passing interest in its thriving skyline.

Indeed, it's a market that has realised its potential many times over.

For the uninitiated, it may prove to be a might too daunting. However, it shouldn't deter you.

All you need is the right connection.

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We've been in the forefront of the Singapore property scene for some 17 years now, backed by more than 200 years of experience worldwide. Today, our specialist teams are actively involved in the investment, retail, office, industrial and residential sectors.

Whatever your needs – development and marketing consultancy, buying, selling, leasing, auction sales, valuation, project development or property management – our field experts are at your service.

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ADVERTISING SECTION

A QUARTER CENTURY OF GLOBAL COMMUNICATIONS

R. IAN LLOYD

Koh Boon Kwee, chairman of Singapore Telecom.

Singapore 2000: Tomorrow's Technopolis

With a multimedia show called Singapore 2000/Global Technopolis to be held June 7-24 at Changi International Exhibition and Convention Centre, the island republic delves into the future.

Over 40 multinational companies and government agencies — including Sony, Matsushita, Singapore Airlines, NEC, Motorola, AT&T, Seiko and Telerate — will take part in this massive technology display. Organized by the Singapore Economic Development Board (EDB), the show encompasses 11 pavilions spread across 22,000 *square meters of floor* space. Nearly half a million people are expected to attend.

Children learn without schools

The exposition aims to demonstrate how Singapore can harness high technology and human resources to become a "global technopolis" with economic, diplomatic and cultural ties around the world. Exhibits will concentrate on work, leisure and educational themes to show what Singapore will be like in the next *century.*

"The Singapore 2000 exhibition is going to attract people from all over the world, in particular those who either have operations in Singapore or this part of the world," says a spokesman for one of the major exhibitors. "It's an opportunity for us to demonstrate our current capabilities, as well as what we anticipate for the future."

The EDB stresses that this exercise in crystal-ball gazing is aimed at both foreign business executives, who might want to participate in Singapore's future, and the average Singapore citizen, who can see what sort of dramatic progress is slated for the next 25 years.

One of the most popular displays is expected to be Matsushita's Home 2000 — a full-scale mock-up of six rooms in a 21st-century dwelling — in the Automation Pavilion. The kitchen features a refrigerator that can partially defrost foods with infrared rays, a portable microwave oven that can be used on picnics or camping trips and a stove that can be activated by telephone. Sophisticated computer links allow children to learn without physically attending school and permit parents to carry out business functions without leaving home. Leisure features will include high-definition television (HDTV) on a 90-inch screen.

Visitors to the Automation Pavilion will also be able to meet the domestic worker of the future — Robie the robot. Developed by Sony and Singapore's Automation Applications Centre, Robie will illustrate his skill at performing various tasks. Other robots will take part in a Seiko-sponsored watch assembly demonstration dubbed Factory of the Future.

The highlights of the Global Communications Pavilion include: Singapore Telecom's laser show and live satellite link-up with Epcot Center in Florida and the Osaka Exposition in Japan; AT&T's electronic finger painting and computer jigsaw puzzles; and NEC's "smart" car.

NEC's smart car determines the route

The NEC car will feature the latest mobile technology. Its Navi computer navigation system analyzes road conditions and traffic patterns to determine the most suitable route to a destination. Navi information — including detailed street maps marking the car's exact location — is displayed in a Liquid Crystal Display (LCD) monitor attached to the glove compartment.

The "smart" car also carries a lap-top computer, in case the driver wants to use his vehicle as a mobile office.

Passenger air travel in the 21st century will be the focus of an exhibit at the Global Journeys Pavilion, jointly sponsored by Singapore Airlines and the Civil Aviation Authority of Singapore (CAAS). In future planes, satellite relays will allow a great range of entertainment, as well as various modes of passenger communication with the ground. Each seat will be equipped with a multi-function LCD monitor that allows passengers to select from a menu of in-flight films or view any TV station in the world. The LCD can also be used to make hotel or car-hire reservations or to confirm onward flights.

A small inflight business center will permit executives to send a fax or tap into office or home computer systems. And air passengers will be able to telephone from their seats to any point on the globe.

Other key features of Singapore 2000 will include a stock exchange computer trading game, the interactive classroom of the future, a preview of electronic shopping and a S$1 million video show with special effects that conjure up visions of life in the next century.

English Translates Into Success

One thing that sets Singapore apart from most of its Asian neighbors is the widespread use of English. The language inherited from its British colonizers has enhanced Singapore's position in the international marketplace, but it has also acquired a particularly Singaporean flavor.

On the eve of independence 25 years ago, Singapore made a conscious decision to use English as the national language. The reasons for this were twofold: to give Singapore access to multinational corporations that used English as their medium of communication and to provide a vehicle for the political unification of the various ethnic elements — Chinese, Malay, Indian and Eurasian — that comprised the young nation.

Singlish depicts modern society

These factors outweighed a vigorous campaign by the proponents of Mandarin, Cantonese, Hokkien, Malay and Tamil to reject the English language as a colonial relic.

The British endowed Singapore with an educational and governmental infrastructure based on the "mother tongue."

After independence, Singapore parlayed its sound foundation in English into international business success. It was easy for Singapore students to attend university in Britain or America because they possessed the basic English skills. When they returned, they could communicate with governments and corporations around the globe, using English as the *lingua franca.*

Any lingering prejudice against English was subdued in the late 1970s, when the government adopted an official policy of *bilingualism.* English became the primary teaching medium of all schools, on the assumption that it would help students advance in the job marketplace after graduation. Ethnic languages were also taught to keep Singaporeans in touch with their moral and cultural roots.

Over the years, Singapore English has developed unique characteristics that differentiate it from the language as spoken in the United States or Britain. The local dialect was called pigeon English, until some witty linguist coined the term "Singlish" in the mid-1980s.

Anyone who has spent any time on the island is familiar with some of its more common idiosyncracies. Singaporeans have a tendency to add emphasis to a word or sentence by placing "la" at the end, as in "That's good la" — which basically means "great."

They also like to strip sentences to the bare bones by cutting unwanted words. "Of course, I can do it" is shortened to "Can la." Instead of saying "How do we do this?" a Singaporean will say "So how?"

People in Singapore are fond of acronyms. Entire conversations are comprised of strings of initial letters — "The MD of EDB says that all CEOs of MNCs should attend the GCS."

Some Singlish words depict modern peculiarities of Singapore society. A favorite term at present is *kia-su* — the fear of being left out. This describes a person whose activities are governed by a well-honed fear of social or cultural failure. He sends his kids to only certain schools and procrastinates because he would rather make no decision than make a wrong decision. In the West, he might even be called a yuppie.

Another current term is *obiangism,* which is said to derive from "o.b." or "offbeat." This describes exceptionally bad taste and is most often applied to a local penchant for eclectic domestic architecture: Chinese tiles and Greek columns, combined with a miniature castle keep and Malay wooden shutters — all in one house.

Experts say that *obiangism* is an outgrowth of *kia-suism:* People toss every possible feature into home design because they don't want to be perceived as having left something out. This is the Singapore version of keeping up with the Joneses.

Kia-suism operates in the economic sphere as well. The island nation has no intention of being left out of the international marketplace. In a sense, fluency in English has allowed Singapore to keep up with the Joneses of the business world.

When in unfamiliar territory...

You know how it is when you are in a faraway land. Especially when it's your first time in an unfamiliar place.

The culture, the food, the people. It's only when you feel foreign that you wish for the comforts of home.

That's why, we go out of our way to make your stay as comfortable as possible. Our spacious rooms come complete with modern amenities and 24-hour room service. Superb restaurants, a business centre, large pool and the business district just minutes away add to the attraction of staying with us.

And there's more, if you are a frequent traveller join the New Otani Club and you'll get further exclusive benefits.

At Hotel New Otani, we never stop pampering you.

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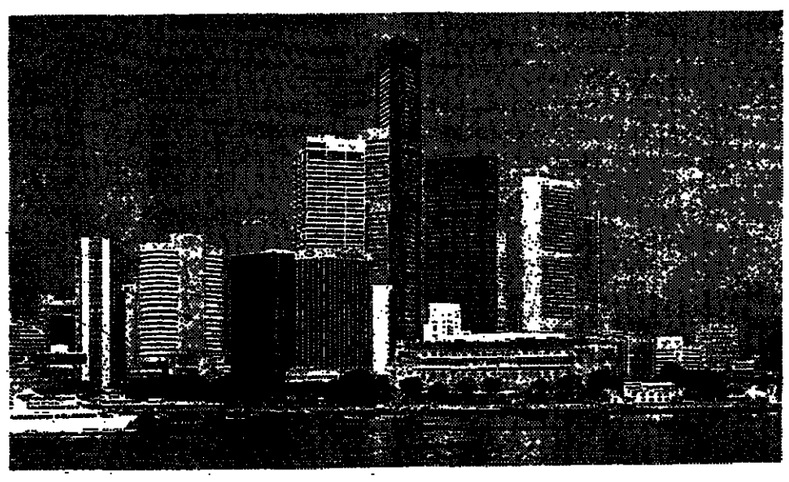
IN SINGAPORE,

ONE BANK STANDS ABOVE THE REST.



THE OVERSEAS UNION BANK.

Its Headquarters at OUB Centre, Singapore's tallest *building in the hub of its financial district, dominates* the country's skyline. Its outstanding profile is in keeping with Singapore's position as a major financial centre of the region.

Having grown with Singapore over the past 40 years, you could say we know South-East Asia like the back of our hand. And our comprehensive banking services are now available to you in all our 70 offices worldwide, with correspondents in every major city of the world.

Whether it be international services, corporate finance management, treasury services or investment banking services, we can make the difference.

If you're looking for a bank to help you keep pace with the world, come and talk to us.

Overseas Union Bank Ltd

Head Office: *1 Raffles Place, Overseas Union Bank Centre, Singapore 0104. Tel: 5338686.*

Overseas Union Bank, together with its wholly-owned banking subsidiaries, International Bank of Singapore Ltd, Overseas Union Bank of Singapore (Canada) and OUB Australia Ltd offer you a network of 70 offices worldwide: in Singapore, Malaysia, Brunei, Jakarta, Manila, Hong Kong, Taipei, Tokyo, Osaka, Seoul, Beijing, Shenzhen, San Francisco, Los Angeles, New York, Toronto, London and Sydney. Correspondents in all the principal cities of the world.

Why do more than 3,000 multinational companies choose us as their gateway to success.

Nature favoured Singapore with a convenient regional location. But it took Singapore Telecom to make it globally strategic.

As one of the biggest users of leading-edge telecommunication technologies, we offer unrivalled support for the more market-responsive demands of global business.

Singapore has also one of the world's highest optical fibre densities and joins the world's select few to operate ISDN on a national scale.

We offer hubbing facilities for MNCs to communicate on specially configured international private digital leased lines. Thus providing speedy and more economical communication of image, data, text and voice between offices within the global network of each MNC.

Recently, we launched Teleview — the world's latest photo video text system to hasten the development of the information age. And soon, there'll be Skyphone — the world's first global aeronautical communication satellite service which makes the 'office-in-the-sky' a reality.

Our telex, IDD and Leased Circuit rates are amongst the lowest to be found anywhere.

And making it all work superbly is the vital backup and quality service of Singapore Telecom.

All in, fulfilling our promise of providing up-to-date telecommunications support to make global business thrive.

Indeed, their gateway to success.

For enquiries, please contact: Division Manager (Marketing & Sales), Orchard Road P.O. Box 99, Singapore 9123. Telelex: (65) 733 3008 Telex: RS 39555.

Singapore Telecom
Call us. We connect.

SINGAPORE A QUARTER CENTURY OF GLOBAL COMMUNICATIONS

25 ONE PEOPLE ONE NATION ONE SINGAPORE

Arts Help Nation Broaden Its Image

Combining creativity and commerce, the government has targeted the arts as a growth area for the 1990s.

Throughout the colonial era, Singapore's image was created and carried abroad by foreigners. Writers such as Somerset Maugham, Rudyard Kipling and Joseph Conrad got to know the thriving port on extended journeys to the East. Their tales summon images of a remarkably exotic city — the so-called Pearl of the Orient — where Singapore slings and rickshaw rides were the order of the day.

Just before and after independence, Singapore's image was still governed by Western writers, who dealt almost exclusively with the foreign experience in Singapore. They did little or nothing to enlighten readers on the daily affairs of Singapore's average Chinese or Indian or Malay.

Even after independence, this was slow to change. As Singaporeans labored to construct the economic foundations of a modern nation state, there simply wasn't time or energy for creative pursuits. Only recently has there been a blossoming of local talent, with native Singaporeans projecting their own images of the island.

Ravi Veloo has drawn critical acclaim for a local best-seller called *Kampong Chicken*, which explores life in a typical Malay kampong. Catherine Lim has received plaudits for her collections of short stories on Singapore subjects. Local publishing houses like Times Editions (nonfiction) and Angsana (fiction) are thriving.

R. IAN LLOYD

Printing books in Singapore: Tien Wah Press.

This year the Economic Development Board (EDB) has decided to tap into the artistic pipeline. Last month, EDB announced plans for a S$10 million (US$5.39 million) Institute of Communicative Arts, which will develop the technical and artistic talent needed to fuel growth in various creative industries.

EDB has also established a Creative Services Strategic Business Unit to identify, organize and foster areas of possible creative growth. One of the unit's first overseas outings was a business visit to Hong Kong publishers. The pitch: Relocate to Singapore, where high technology, good telecommunications and a sophisticated work force will make things easier for you.

There's every reason to believe that many Hong Kong publishers will head south before 1997. Cheney Communications, a major Hong Kong magazine publisher, recently moved its headquarters to Singapore. Two other major Hong Kong magazine groups may follow.

Hong Kong filmmakers are also moving south. Deacon Chiu's S$50 million film studio in Jurong is expected to be completed by the end of this year, and Italy's Cecchi Gori Group has said it will build a S$120 million film studio in the republic.

With first-rate production facilities, Singapore could rival Hong Kong as a creator of Chinese-language films. In additon, the island could parlay its multilinguistic heritage into Malay, Tamil and Hindi film production.

One creative industry that is already thriving is radio. There has been a sudden increase from seven to 11 radio stations. Three more stations are scheduled to go on the air before the end of the year.

An area that still lags far behind is indigenous television production. To satisfy the tastes of the various ethnic groups, the vast majority of programming is purchased from the U.S., Hong Kong, Malaysia and India.

By the end of the decade, Singapore hopes to be able to communicate its image to the rest of the world. Given the energy of government and private industry and the creative ability of young Singaporeans, the country will likely achieve this goal.

R. IAN LLOYD

Festivities culminate on National Day, Aug. 9.

Coming Events

Festival of Arts
June 1-30. Culture vultures from around Asia will be flocking to Singapore to see the more than 60 international and local acts featured in this biennial festival. Big names this year include the Alvin Ailey dance troupe from New York, the Children's Art Theater of China and the Leningrad Philharmonic Orchestra.

Global Strategies 1990
June 4-6. Major conference at Raffles City Convention Center to discuss the importance of forging strategic partnerships to achieve sustained economic competitiveness. This forum will include many prestigious international speakers.

Singapore 2000
June 7-24. This futuristic spectacle at Changi International Exhibition & Convention Center gazes into the 21st century to see how technology will affect our lives at home and at work. Global Technopolis — as the show is also known — will focus on Singapore's expanding role in the high-tech world.

25th Anniversary Carnival
June 8-17. An eclectic celebration of Singapore independence at the World Trade Centre, including a time tunnel that takes visitors from the 1960s to the 1990s, a national flag made from Lego blocks and gourmet food stalls.

Moonlight Swing
June 9. Over 2,000 people will take part in this massive outdoor dance and singalong event under the stars at Hong Lim Park.

Military Tattoo
June 29-30. The Singapore Armed Forces (SAF) presents a 90-minute display of military mastery at the National Stadium. The show features military marching bands, motorcycle stunt riding, free-fall parachute squads, precision drill teams and nose-dive rappeling from the stadium's 34-meter light towers.

Hari Raya Haji
July 13. At mosques all around Singapore, the nation's Muslims gather for a day of prayer to celebrate the haj, or pilgrimage, to Mecca.

Communications

Continued from Page 12

life rather miserable. But there is no pleasure, I think, in standing in line at the post office or bank or some other government agency waiting for routine things to be done. If that could be eliminated, I think most of us would be happier."

Following the worldwide boom in the use of paging systems and cellular phones, a third area of focus in the next decade will be mobile communication.

Later this year, Singapore Telecom, in conjunction with British Telecom and the Norwegian Telecommunications Administration, will introduce a worldwide aeronautical telecommunications system called Skyphone. Any airline subscribing to this product will be able to offer its passengers inflight telephone service via relays through Inversat satellites.

A further area of development will be mobile phones, particularly low-cost units that allow only outgoing calls. Singapore Telecom will have its service in operation by the end of 1990. Later, Singapore hopes to be one of the first nations to introduce the personal telephone number, which follows the subscriber rather than the equipment anywhere on the globe. "This is well within the next decade," says Mr. Koh. "It is just another round of technology before you get to a personal telephone number."

Singapore Telecom has become increasingly international in recent years. "Domestic demand is fully satisfied and the quality and reliability of service are high," says Mr. Koh. "Therefore, future growth in this area — especially with much lower population growth — is very limited. So our growth opportunities are going to come from the international arena."

In 1988, the company set up a subsidiary called Singapore Telecom International, which serves as a consultancy arm to share expertise in technology and systems operations. It's a vehicle through which Telecom can form alliances with other telecommunications companies to introduce products into the Asia-Pacific region or to jointly market new products and services. And it's a means through which Telecom can hold equity investments in telecommunications operations outside Singapore.

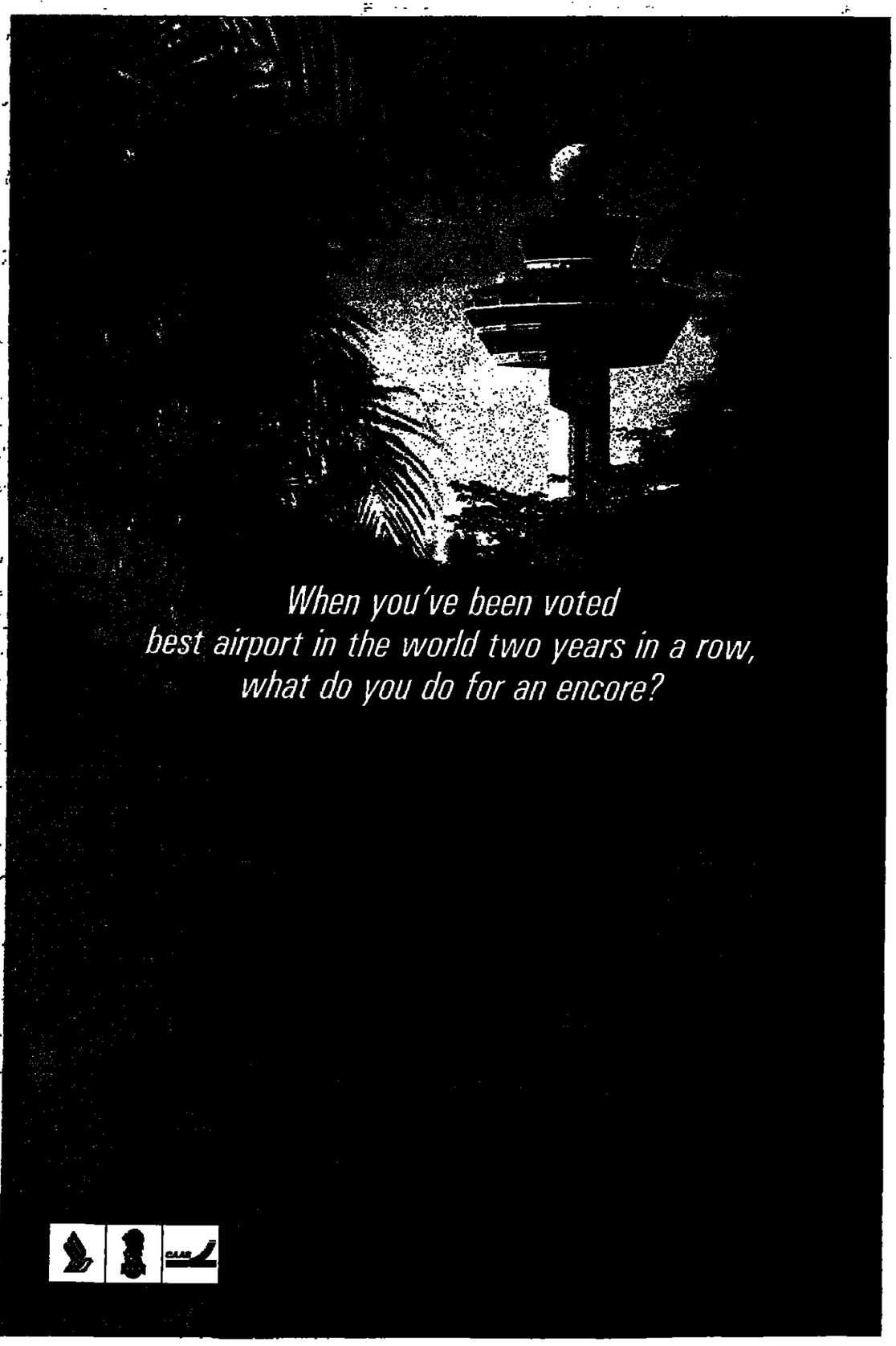
For example, Singapore Telecom has a joint marketing program with KDD of Japan to provide "one-stop" customer service. In the past, if you were a customer with activities in both Singapore and Japan, and you wanted to build some sort of communication network between the two, you were forced to talk to Telecom on the Singapore end and KDD on the Japanese end. Now all a customer has to do is contact one of them to coordinate the entire system.

Singapore is now trying to forge "one-stop" marketing links with telecom authorities around the globe, especially in those countries where it has important trade and business interests. Agreements have already been reached with British Telecom and AT&T for similar types of service.

"In spite of the fact that we are a monopoly, we are very much focused on our customers," says Mr. Koh. "We want to ensure that the system we have offers the highest level of reliability. When you are running a large international business, the last thing you need is for your telecommunications network to go down."

This advertising section was written by Joseph R. Yogerst, a Hong Kong-based free-lance writer.

The next installment in the series of advertising sections on Singapore will appear on July 19 and will focus on banking and finance.



China Denies Punishing Tokyo Bank On Taiwan

Reuters

BEIJING — China's central bank has denied reports that it ordered Chinese financial institutions to stop dealing with Bank of Tokyo as a punishment for its plans to open an office in Taiwan.

"This is completely wrong," a People's Bank of China spokeswoman, Wang Yaofan, said on Saturday.

Japan's Kyodo News Service quoted international financial sources on Friday as saying the People's Bank had taken the action mainly to frighten other Japanese banks away from Taiwan and to punish Japanese commercial banks for not providing loans to China over the past year.

"We hope they will not open a bank in Taiwan. Until now we have not taken any measures," Ms. Wang said. "As for the future, I don't know." Contracts already signed with Bank of Tokyo will be honored, she added.

A central bank spokesman was quoted by an official Chinese newspaper last week as saying he hoped the Bank of Tokyo would withdraw its decision. "Otherwise it will be the bank that is responsible for any of the consequences."

The Bank of Tokyo office will be the first new Japanese bank presence in Taiwan for 30 years. Japanese banks are eager to open branches in Taiwan's lucrative market, but warnings from China have made banks hesitant until now.

Bank of Tokyo is also planning to step up its expansion in the United States, Europe and elsewhere in Asia.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

The market managed a moderate gain on the week, as insurance stocks remained in favor and small industrial issues boomed.

The CBS all-share index rose to 200.30, from 197.50 the previous Friday. Volume rose to 5.3 billion guilders for the week, 3.2 billion of which was equities. A week earlier, volume was 4.5 billion guilders with 2.3 billion in equities.

Nedlloyd, the shipping concern, fell because of the company's announcement that higher interest rates and a lower dollar would pressure its financial results.

The Kempen & Co. brokerage said it expects a continuing upward trend in the near term, especially in the smaller industrial issues.

Frankfurt

The Frankfurt market finished the week higher after moderate fluctuations, brokers said.

Prices were pulled up by strong performances on markets elsewhere, particularly Wall Street, but downward by political infighting over the treaty for economic, monetary and social union of the two Germanies.

The DAX spot-trend indicator ended Friday at 1,856.95, up 33.78 points, or 1.85 percent, on the week, while the Commerzbank indicator rose 22.2 points, to end at 2,265.

There was a marked upward trend at the start of the week, with the return of West German institutions and Japanese investors, but the mood then soured on profit-taking.

Volume on the eight West German stock exchanges totaled 27.66 billion Deutsche marks for the week, down from 28.33 billion the previous week, which had one less trading day due to the Ascension Day holiday.

Chemicals were among the most popular issues, Bayer rising by eight DM on the week to 305.80, BASF 9.60 to 303.30 and Hoechst 13.30 to 298.80.

Hong Kong

Strong foreign interest boosted the market, with the Hang Seng Index gaining 3.26 percent on the week, on heavy volume, to close at 3,159.17, its highest level in more than a year.

Brokers said investors took heart from apparent stability in China, which is to resume sovereignty over the British colony in 1997.

Average daily turnover soared to 1.78 billion Hong Kong dollars from 1.4 billion the week before.

The market lost 10.95 points Tuesday on lack of news, but rebounded 34.80 points Wednesday, helped by the World Bank's decision to resume lending to China a year after the June 4 suppression of student protests in Beijing.

Thursday and Friday kept up the momentum as the Hang Seng advanced 75 points to sail past the psychological 3,100 mark.

Dealers said overseas investors had returned in force to the Hong Kong market, as its regional counterparts marked time.

London

The market soared, helped by records set in the United States by the main Dow Jones and Standard & Poor's indicators.

A strong futures market contributed to stocks' gains. The 100-share Financial Times index rose 105.8 points from the previous Friday, to finish at 2,371.4.

Analysts said the rise was justified in view of the advance on other major markets, which makes British shares look cheap by comparison.

Enterprise Oil was among the notable gainers on unconfirmed rumors that Imperial Chemical Industries had sold its 24.9 percent stake. Enterprise was also boosted by talk of an imminent bid from its 25 percent stakeholder, Elf Aquitaine of France.

The food and drinks group Cadbury-Schweppes rallied after its £125 million acquisition of Source Perrier soft-drinks businesses.

Milan

Milan had another buoyant week, the MIB index rising 1.39 percent to close at 1,094 points. The good showing puts the indicator 8.75 percent above level at the beginning of May.

Operators said demand for stocks was strong, while volume maintained the previous week's level at a daily average of 105 million shares.

The week's best performers included Generali, up 2.44 percent; RAS, 2.69; Fiat, 1.99; Montedison, 2.97; Ferfin, 1.08; CIR, 2.63; Enimont, 3.52; and Pirelli, up 3.03 percent. Olivetti, however, eased 0.05 percent on the week.

Banks were irregular, due to false rumors of the death of Enrico Cuccia, 82, honorary chairman of Mediobanca. Mediobanca lost 3.81 percent on the week, while Comit eased 0.13 percent.

The bourse took an optimistic view of the annual report by the Bank of Italy, which said the economy was in good shape.

Paris

The Bourse lost ground, with the CAC-40 index slipping 1.4 percent on the week, to 2,097.60 points.

Analysts said that both French and foreign investors had abandoned the Paris market in droves, worried in particular about the government's apparently more leftist line, illustrated by President François Mitterrand's stand against unjustified speculative profits and his call for lifting low and medium-level salaries.

Many businessmen fear that such a policy could endanger French competitiveness and could lead to higher inflation.

In addition, analysts said the Bourse was disappointed by some corporate results, including those of Elf-Aquitaine and BSN.

Singapore

The market finished the week quietly lower, with the Straits Times industrial index easing 9.54 points, to 1,555.81. The Stock Exchange of Singapore all-share index ended 2.70 points lower, at 434.69.

Turnover for the week shrank 31.1 percent, to 300.8 million shares.

Dealers said the market is in a consolidation phase and prices are likely to continue to drift, with small investors dominating activity. They said institutional traders refrained from taking new positions this past week.

The market opened the week with interest centered on United Industrial Corp., which announced a one-for-two bonus issue and a one-for-two rights issue of stock to raise cash for its takeover of Singapore Land.

Tokyo

Prices moved irregularly and closed the week moderately higher on the Tokyo Stock Exchange, with the Nikkei average gaining 97.24 points, or 0.3 percent, to 32,891.12.

It was the fifth week in a row that prices advanced. The Nikkei had added 780.16 points the previous week.

The broader Tokyo Stock Price Index of all issues in the first section ended 6.61 points higher, at 2,426.55. Average daily volume in the first section rose to 781.1 million shares from 649.8 million the week before.

Inspired by the yen's appreciation and prospects of higher stock prices, investors bought shares actively on Monday.

Analysts said they expected a substantial stock price recovery this month, particularly in view of strong financial results from major Japanese companies.

A majority of analysts think the Nikkei will reach 35,000 this year, according to a survey by the Nihon Keizai Shimbun.

Zurich

Stock prices rose for the fifth straight week as foreign investors returned to the market, traders said.

The Swiss Performance Index finished at 1,186.9, up from 1,143.8 the previous week. The Swiss Bank Corp. indicator ended at 678.1 against 654.5, while the Crédit Suisse index advanced to 659 from 638.8.

Insurance and chemical issues made particularly good progress, helped by foreign interest. Compagnie de Réassurance bearer stock rose by 390 Swiss francs on the week, to 3,650, while Ciba Geigy bearer advanced 180 to 3,450.

New Issues Cool Prices In Jakarta

Compiled by Our Staff From Dispatches

JAKARTA — Prices of most stocks on the Jakarta Stock Exchange weakened last week as new issues flooded the market with shares.

A sell-off of the new issues by local investors looking for a quick profit contributed to the decline, analysts said.

The JSE index declined 1.9 percent, to 635.026 points Friday, from the previous week's close of 647.366. The Jardine Fleming Nusantara Index fell to 146.22 from 148.81.

The most traded share was newly listed PT Private Development Finance Corp. of Indonesia, as investors tried to take early profits. Some 493,000 of the company's shares, worth 6.73 billion rupiah ($3.6 million) were sold during the week, and the price fell to 12,900 rupiah from 14,000.

Average daily trading on the regular market rose to 961,700 shares from 807,400 shares.

In Seoul, meanwhile, stocks rose as news of an unprecedented meeting to be held Monday between the South Korean and Soviet presidents continued to fuel buying.

The composite index closed Saturday at 804.85, up 1.21 points from the previous session. Turnover in Saturday's half-day trading was 176.7 billion won ($248.3 million), against 330 billion won on Friday.

President Roh Tae Woo and President Mikhail S. Gorbachev are scheduled to meet in San Francisco on Monday amid widespread speculation that the two countries would soon set up full diplomatic ties.

Taiwan stocks also posted gains, rising strongly on Saturday for the sixth straight session.

Near the end of Saturday's short session, the index broke through the 8,000 mark, but profit-taking pushed down prices almost immediately.

The index ended at 7,857.01, up 192.53 points, or 2.51 percent from Friday. It has now risen nearly 28 percent since hitting a 15-month low on May 25. (AFP, Reuters)

BCCI Says It Will Stay Open in U.S.

Reuters

MIAMI — Luxembourg's Bank of Credit & Commerce International, which is fighting Florida state officials to keep its Miami branch open, said that it has no immediate plans to close any of its U.S. branches.

Separately, a spokesman for Florida's state banking department said the agency would continue efforts to stop BCCI doing business in the state because of its January conviction for laundering drug money.

In a statement released in Miami, officials from BCCI said, "No final decision has been made as to any restructuring of the bank's operations."

"The bank as a matter of policy has provided more than adequate reserves globally to cover any possible loan losses," the statement added. "In 1989, $600 million was provided toward that end without creating a negative impact on the capital of the bank."

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BUSINESS BRIEFS

Banco Central Resells Suitor's Shares

MADRID (Reuters) — Banco Central SA has fully resold 12 percent of its stock it bought back from Cartera Central, an unwanted suitor, Chairman Alfonso Escamez said Saturday.

Mr. Escamez said buyers included Bouygues SA, the French construction company, which raised its stake by 1 percentage point, to 4.5 percent, becoming the largest shareholder. Prudential Securities Group Inc. of the United States bought 4 percent.

Grand Met Delays Wall Street Listing

CHICAGO (NYT) — Grand Metropolitan PLC has postponed until February its plan to list American depository receipts on the New York Stock Exchange, David P. Nash, the company's top financial officer, told securities analysts in New York.

The company had originally planned the listing for this fall. It said it was worried that a pending decision by British regulators on the sale of its British brewing operations would interfere with promoting the listing.

In March, Grand Met agreed to swap its breweries in exchange for pubs owned by Elders IXL Ltd. Grand Met decided not to proceed with the listing until the breweries issue had been resolved.

Nintendo Sues Game Device Maker

REDMOND, Washington (Reuters) — Nintendo Co. has said it has sued a rival toymaker for copyright infringement over a device that lets novices master its popular video games in minutes.

Nintendo seeks to block Lewis Galoob Toys Inc.'s Game Genie from coming to market. Nintendo that when Galoob's Game Genie is connected to a Nintendo video cartridge, essential games features are changed.

When Game Genie is used with a Nintendo game, characters can move faster and avoid programmed obstacles, making higher levels easier and extending game time, Nintendo said. Galoob said it would fight any "anticompetitive" moves by Nintendo.

Esprit Founders Settle Ownership

SAN FRANCISCO (NYT) — In a last-minute agreement that prevented the sale of the company to outsiders, the divorcing founders of Esprit de Corps say they will transfer ownership of the clothing designer to an investor group headed by the wife for an undisclosed price.

Douglas and Susie Tompkins, both 47, who have each owned half the company and are in the process of getting a divorce, have feuded for years about the future of the concern. Under an earlier agreement, Esprit was put up for sale because Mr. Tompkin turned down a chance to buy Mrs. Tomkin's half.

Mr. Tompkins will continue to run Esprit's southern European operation, a separate company, but he will not be involved in the U.S. operations.

For the Record

The Securities and Exchange Commission has charged Oscar Ayala, a Georgia broker, with defrauding 18 professional football players of at least $1 million since 1988. The SEC said they gave the former Robinson-Humphrey Co. employee money to buy securities but he used the funds for personal benefit. Robinson-Humphrey, a subsidiary of Shearson Lehman Hutton Inc., dismissed Mr. Ayala last week. (NYT)

An Investcorp executive said that the company's recently acquired Saks Fifth Avenue retailing unit was preparing a business plan that would cut some jobs, but he denied a report that 270 headquarters workers would be fired. (NYT)

WALL STREET REVIEW

Figures as of close of trading Friday, June 1.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
LA Gr s	117006	49⅝	27¼	30⅜	—18⅝
Verity	107167	3⅝	3	3⅝	+ ⅜
PhilMr s	102675	43⅜	41½	43⅜	+ ⅝
TexUtil	98591	36⅝	35⅝	36½	+ ⅜
IBM	83500	122⅛	116⅞	119½	+3⅛
GIbM n	69783	5½	4⅝	5⅛	+ ⅜
Fintste	68482	40⅝	37½	40	+2⅛
ArmWI	62537	37⅝	35⅛	35⅝	—1⅝
Citicorp	60567	24	22⅞	24	+1
FIBkSv	57867	16	14⅝	15⅛	+1⅝
Glaxo	57254	27⅝	24⅞	27⅝	+2⅛
WstgE s	57154	37⅞	34⅝	37⅜	+2⅝
AT&T	55180	43⅜	41⅝	43⅜	+1⅜
GenEl	52985	70⅝	68⅛	69½	+1⅝
GnMotr	49175	49⅝	48⅛	49⅜	+ ⅜
Wendys	48555	6⅛	5⅝	5⅞	+ ½
FdNM s	48319	41⅝	38⅝	41⅝	+1⅝
CocaCl s	45436	45⅞	43⅝	45⅜	+1⅜
RoylD	45208	77½	75⅜	76⅝	+1½
FordM	43585	47¼	45⅝	46⅝	+ ¼
Avery	43404	25⅛	23⅜	24⅛	—1⅜
Exxon	42223	48⅜	46⅜	47⅜	+1⅛
Upiohn	39977	40½	37⅝	40⅛	+1⅛
Boeing	39830	84⅝	80⅝	84⅝	+3
BrMySq	38200	62⅝	60⅝	61⅝	+ ⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
Amdhl	34864	17	15⅝	15⅝	+ ¼
ImpOil g	22953	50¼	48⅝	48⅝	— ⅝
Hllhov n	17757	1⅝	1⅜	1½	
FruitL	17040	14⅞	13⅝	14⅜	+ ⅜
ICH	14165	4⅝	3⅞	4⅛	+ ⅛
AT&E	14609	22⅝	19⅝	22⅛	+1⅝
Hasbro	12942	21½	19⅝	21⅛	+1½
ENSCO	12551	4⅝	4½	4⅝	+ ⅛
JanBell	10915	12⅛	9⅞	11⅝	+2⅛
Telesph	9940	5⅝	5⅛	5⅝	
BAT In	9315	12⅞	12	12⅜	+ ⅜
TexAir	9281	7⅛	6⅝	7	+ ⅜
EchoBy	9181	12⅝	12⅛	12⅛	— ⅛
Chiles n	7748	15	14⅛	14⅝	+ ½
Elan	7405	20⅛	17	19⅛	+1½
A-mo sc	4861	19½	18	19⅛	+1⅝
SNK I93wt	6485	6⅝	5⅝	6⅛	+ ½
WangB	6374	4⅝	4	4⅛	+ ⅜
DowC rt	6344	11	10½	10⅝	— ⅜
SNK 95cwt	6202	3⅝	3½	3⅝	— ⅛
Wiltshrd	5637	8⅝	7⅜	8⅝	+1
Diasonic	5624	3⅝	3	3⅜	+ ⅛
PW Nk cwt	5547	5⅝	5⅛	5½	
HomeSh	5445	7⅝	7	7⅜	— ⅛
CalEng	5429	10⅝	8⅝	10⅛	+1⅝

NYSE Sales

	Sales Vol.
Total for week	690,500,000
Week ago	817,330,000
Year ago	746,610,000
Two years ago	865,310,000
Jan 1 to date	16,625,315,000
1989 to date	17,688,920,000
1988 to date	18,350,740,000

AMEX Sales

	Sales Vol.
Total for week	58,368,000
Week ago	79,420,000
Year ago	53,030,000
Jan 1 to date	1,517,540,000
1989 to date	1,219,920,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1316	1070
Declined	583	835
Unchanged	284	300
Total Issues	2183	2205
New Highs	154	192
New Lows	77	107

AMEX Diaries

	This Wk	Last Wk
Advanced	424	409
Declined	336	387
Unchanged	221	200
Total Issues	981	996
New Highs	57	68
New Lows	67	74

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, June 1.

Option & price		Calls Jun	Calls Jul	Puts Jun	Puts Jul
[illegible]					

Total volume 138,467. Open interest 2,512,456. r—Not traded. s—None offered. o—Old.

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, June 1.

Option & price		Calls Jun	Calls Jul	Puts Jun	Puts Jul
[illegible]					

Total Volume: 498,857. Open Interest: 4,488,428. r—Not traded. s—None offered. o—Old.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, June 1.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]					

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(Continued From Back Page)

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MONDAY SPORTS

Agassi Pounds Past Courier, Setting Up Match With Chang

By Nick Stout
International Herald Tribune

PARIS — Andre Agassi settled an account Sunday at the French Open by beating Jim Courier, his longtime rival who bounced him from this tournament last year in the third round.

Agassi won, 6-7, 6-1, 6-4, 6-0, to earn a quarterfinal appointment with Michael Chang of the United States, the defending champion. Chang advanced by beating Javier Sánchez of Spain, 6-4, 6-4, 6-2.

It was a cool and rainy day at Roland Garros Stadium, and a few fourth-round matches were postponed until Monday.

There was one that will not have to be played. Andres Gomez of Equador, the No. 4 seed, advanced to the quarterfinals when Magnus Gustafsson of Sweden withdrew with an injured knee.

Agassi, an outspoken 20-year-old superstar from Las Vegas who brings a bit of the Nevada glitter with him to every match, and Courier, an articulate 19-year-old Floridian who is serious and quiet, have been playing against each other for years, having gone through Nick Bollettieri's tennis academy together in Florida. The rivalry was known to have been intense at times.

Chang said he ran into Courier in the lockerroom.

"We ended up talking about playing Andre," he said. "Whenever Jim plays Andre, there always seems to be extra adrenaline pumping because they want to beat each other so badly."

When Courier was asked after the match if Agassi had won his respect, he replied: "He didn't win my respect today. He already had my respect. He is a talented player. More power to him if he can keep that pace up."

Their match Sunday was their fifth as professionals, Agassi having won all of them except their memorable contest here last year.

"The difference today was that he was the agressor," Courier explained. "After the first set, I just wasn't able to take control of the points. I was always on the run, whereas last year I was able to control the match a little more and hurt him a little. But he came out determined not to let that happen today. He played very solidly."

Nonetheless, Courier made the first set close. Playing in a light rain, he survived three set points before winning the tiebreaker, 10-8.

Agassi, unfazed, seemed to regard this as a normal turn of events.

"Jim always comes off banging the balls in the first set," Agassi said. "My goal was just to stay with him. I said to myself before the match that I should stick with him and not let him get away. I was just

FRENCH OPEN

hoping to stay close. When I had a chance to win it, that was just icing on the cake. I have worked hard physically, and after the first set I felt in control."

Trying to explain his collapse, Courier said simply: "I had a little bit of a mental letdown."

While Courier lost his accuracy, Agassi just kept getting stronger and sharper, placing his winning shots with precision.

"I was hoping he wouldn't be able to keep it up," Courier said. "It was very frustrating in the fourth set because time after time he kept greasing those lines. It was a real Vaseline job."

As for the upcoming Agassi-Chang match, Courier said: "If Andre can play close to, or on, the baseline without making too many mistakes, I see him winning fairly comfortably. Michael runs down a few more balls than I do, so if Andre gets impatient it could be a long match."

Chang, who has lost twice to Agassi, both times in 1988, was upbeat about their forthcoming match.

"I think he is now a better player," Chang said. "I hope that I'm a better player as well. I think it will be a great match. Especially in the context of the French Open."

It may not have been a great match, but Jennifer Capriati was beaming after eliminating Mercedes Paz of Argentina, 6-0, 6-3. The victory made Capriati, at age 14, the youngest French quarterfinalist ever. More important, she guaranteed herself a seeding at Wimbledon.

It was a productive weekend for the young American. After defeating Judith Wiesner of Austria on Saturday, Capriati went sightseeing. She visited Notre Dame — "where they explained the story of the Hunchback of Notre Dame," she said — and then went to see Napoleon's tomb.

By 11 A.M. Sunday, she was back on the court, confident as ever.

"I didn't really give her a chance to do anything," Capriati said about Paz, the woman who was able to do a lot last week when she upset Arantxa Sánchez Vicario of Spain, the defending women's champion.

Since turning professional in March, Capriati has, in five tournaments, reached a hypothetical ranking of 15. Thus the Wimbledon seeding. Much of the credit, she said, belongs to Tom Gullickson, who has coached her on strategy.

"The thinking game," she explained. "I've also improved a lot on my movement."

If Capriati gets by Mary Jo Fernandez in the quarterfinals — it will be her first match against the eighth-ranked American — Capriati would probably play Monica Seles in the semifinals.

In the other half of the draw, Steffi Graf beat Nathalie Tauziat of France, setting up a quarterfinal match with Conchita Martinez of Spain.

Agassi, meanwhile, kept up his attack on Philippe Chatrier, president of the French Tennis Federation, who said Friday that tournament organizers might adopt a player dress code similar to that of Wimbledon, where contestants are required to wear predominantly white outfits. The statement seemed aimed at Agassi and his colorful, nonconformist wardrobe. (On Sunday, it was mainly pink and black.)

Apparently trying to establish what does and does not constitute tradition, Agassi pointed to the many commercial billboards around the center court. He said there were far more billboards at Roland Garros Stadium than at Wimbledon.

"In Chatrier's stadium, you can't see any space without sponsors," Agassi said. "When it's for Chatrier's benefit, then tradition goes out the window."

Agassi said that if he walked onto the court dressed only in white, 99 percent of the fans would be disappointed.

Chatrier, a respected international tennis figure whom Agassi has never seen, declined to comment further on the issue.

Jean-Paul Pellissier/Reuters

Andre Agassi pounding past Jim Courier in a rematch of last year's encounter, which Courier won.

AFP

Jennifer Capriati en route to victory over Mercedes Paz. At 14, she is the youngest French Open quarterfinalist ever.

WORLD CUP WARM-UP

Thousands Line Up for Final Tickets

ROME (Reuters) — Thousands of soccer fans waited in line for up to 24 hours to buy the last tickets for the World Cup final, which were sold here on Saturday.

Several minor scuffles were reported outside the eight Rome branches of a bank where fans waited for the last 10,000 tickets to go on sale at 8:30 A.M. The other 70,000 tickets had already been sold through companies and travel organizations.

The first customer through the doors was a 60-year-old woman from Padua, Italy, who bought two of the most expensive seats at 231,000 lire ($185) each, bank officials said. Tickets for the July 8 final in Rome's refurbished Olympic stadium started at 31,000 lire.

Museum and Airport Staffs to Strike

ROME (AP) — Museum guards in Florence and Milan have called a strike for the eve of the beginning of the cup finals, Italian newspapers have reported, and the first week of World Cup play could also be marred by strikes by railroad and airport workers.

The museum guards voted Saturday to strike on Thursday, the day before the cup opens with a match between defending champion Argentina and Cameroon in Milan. The workers want clearer job descriptions, an increase in personnel and raises for overtime or holiday work.

Several categories of railroad workers also have threatened to strike this week to push for new contract negotiations. Airport workers belonging to a small independent union at Rome's Leonardo da Vinci airport also have declared a two-hour-a-day strike starting Thursday and lasting six days.

3 English Fans Arrested on Sardinia

CAGLIARI, Italy (Reuters) — The police have arrested three English soccer fans, in Cagliari for the cup finals, after a local hotel owner accused them of wrecking their room.

Italian police said Sunday that Lee Forster and Andrew Brockam, both 25, and Robert Neill, 21, would appear before a magistrate on Monday charged with criminal damage and theft. They were the first fans to be arrested in the Sardinian capital, where the police have mounted a security operation during England's three preliminary-round matches. Because of a judicial error, two English fans arrested in the mainland town of Spoleto for fighting with the police were set free last week despite an expulsion order.

Switzerland defeated the United States, 2-1, on Saturday in St. Gallen, Switzerland, in the U.S. squad's final cup warm-up. *(AP)*

Steve Bull saved England with a last-minute tying goal against Tunisia in a warm-up match in Tunis. England was on the verge of its biggest upset since its 1950 World Cup defeat by the United States when substitute Bull struck to make it 1-1, robbing Tunisia of its first victory over a major soccer-playing nation. *(UPI)*

Ireland defeated Malta, 3-0, in an exhibition game in Valletta on Saturday. *(AFP)*

In its final warm-up, Italy's slumbering attack woke up with three goals Saturday in a 3-0 victory over the French first division club Cannes in Arezzo, Italy. Italy had scored twice in its previous eight matches. *(AP)*

Hungary, which failed to qualify for the cup finals, defeated qualifier Colombia, 3-1, on Saturday in Budapest. *(AP)*

Belgium beat nonqualifier Mexico, 3-0, in Brussels on Saturday. *(AP)*

The Associated Press

Danny Ferry: Multiyear deal with Cleveland, "a smart team."

Ferry Signs With Cavaliers

The Associated Press

CLEVELAND — The Cleveland Cavaliers of the National Basketball Association finally coaxed Danny Ferry, the former Duke star, back from Italy.

Terms of the multiyear contract signed here Friday were not disclosed, but Ferry's contract with the Cavaliers was thought to be worth at least $2.5 million a year. Ferry made $2 million last season with Il Messaggero of Rome in the Italian professional league.

Ferry played in Italy rather than go to the Los Angeles Clippers, who made him the second pick overall in last year's draft. Cleveland got the rights to Ferry in a trade that sent Ron Harper and three draft picks to the Clippers in November.

Ferry had to let his Rome club know before July 1 whether he would be returning next season. He said that playing in Italy had strengthened his bargaining hand.

"I had a lot of leverage in the position I was in," he said. "I didn't want to use that too much. I have an understanding of the salary cap and I want to be on a good team."

Sizing up the Cavaliers, Ferry said they have "a smart team and I feel I'm a smart player."

VANTAGE POINT/George Vecsey

Azzurri, Fellini, Tifosi: Calm Before the Storm?

New York Times Service

ROME — When people heard we were leaving for the World Cup of soccer, they got worried looks on their faces and asked, "But aren't you scared of the violence?"

It is a shame, but soccer has that connotation in the United States.

Our standard reply was that there are more lunatics and cutthroats on the street outside our Times Square office in New York than at any soccer game in the world.

For a New Yorker, the World Cup is a vacation in the country, the Old Country. For now, the feeling here is of being at the center of a world bazaar.

To walk into the Piazza Navona is to see not only the Bernini Fountain and the outdoor cafés, but also the rippling of the powerful hammer and sickle of the Soviet Union, the mystical globe of Brazil, flags of all 24 finalist nations on sale at a souvenir stand, like a geography lesson come to life.

For a New Yorker, the World Cup is a vacation in the country, the Old Country.

In the Piazza, two little boys practice penalty kicks between a garbage can and a fire hydrant.

A husky man dribbles a soccer ball in the street, langhingly chased by a leggy woman in a short leather skirt and mini-blouse, straight out of Fellini.

Still, Italy is bracing for hooligans from England, the Netherlands and West Germany as the 24 finalist nations prepare for the world's most important sports tournament.

Lout patrols are being geared up at ports of entry from the north.

With any luck, Italy's volatile fans have gotten it out of their system during the tense league season just completed, when 100-lire coins and flares and racist insults flew through the volatile air, but Italian rage is often self-directed during the World Cup.

Giorgio Chinaglia, who played for Italy in the 1974 World Cup and later for the New York Cosmos of the now-defunct North American Soccer League, has said he felt "fortunate to participate" until Italy was eliminated by Poland.

Asked if it was sad to lose, Chinaglia muttered: "More than sad. It was dangerous." Some fans spat on the Italian players when they arrived home.

Unless the home team disappoints the Italian fans, or *tifosi*, the real problem is expected to be pale outsiders from the north countries, who take off their clothes, fry their skin, ingest huge amounts of beer, and take out their sociopathic anger on steetcars, public squares and people they don't like, which turns out to be just about everybody.

This year the governing body of world soccer, FIFA, has taken steps to avoid repetition of the tragedies in Brussels in 1985, when rampaging British fans crushed 39 spectators to death in Heysel Stadium, and in Liverpool in 1989, when 95 spectators were crushed to death because officials allowed too many people into the stands.

The new FIFA policy mandates individual numbered seats for the great majority of tickets to be sold at soccer games, and new stands have been constructed in some of the World Cup stadiums.

The addition of seats is a welcome step because most soccer stadiums around the world are barren fortresses, short on creature comforts, maintained contemptuously. The fans are treated like animals, separated from the field by deep moats, barbed wire, thick walls, mean dogs and armed police, and the fans often act the part.

As to which came first, the grim stadiums or the raucous fans, that's an open question.

Soccer fans traditionally have been squeezed together in open grades. To get the best viewing positions, English fans arrive hours early, sway back and forth and sing "You'll Never Walk Alone," and then when fatigue and alcohol and kidney pain arrive, the fans sometimes turn ugly.

The new soccer rule has forced changes in other sports, including tennis, where at least some of the players are often more vicious than the paying clientele.

To control soccer crowds, Britain recently passed a rule banning standing room wherever more than 500 fans are present. Since Center Court at Wimbledon has held 14,502 fans, the 2,000 standing places have been replaced by a smaller number of seats. Life will never be the same.

The standing room at Wimbledon was one of the grand traditions of sport. It was here that assorted tourists became honorary Brits by standing stoically in line for hours before the match, then standing in place for six or eight hours of tennis. In a long five-set match, under sunny skies, fans might pass out, but nobody would know because there was no place for them to topple.

This year the grand tradition will end at Wimbledon, but the new rule will be worth it if it puts soccer crazies in their place, nestled in a molded seat, so comfortable they don't want to get up and demolish the joint. It's worth a try.

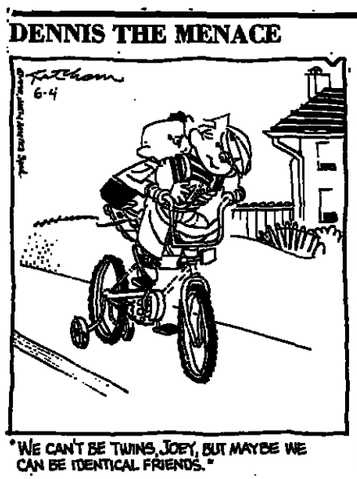
In the meantime, Italy is on second-stage hooligan alert. The English and Dutch teams have been quarantined on the island of Sardinia, but the police are on guard at jumping-off points like Rome and Genoa.

The Italian fans are currently preoccupied with the starting lineup to be chosen from the 22 players on the Azzurri, or Blues, the national team.

The sporting papers are filled with debates and rumors about jealousies on the squad, regional feuds and whether the policy of celibacy announced by the coach, Azeglio Vicini, will hurt or help the warriors.

It all seems quite tame and civil and fascinating to a visiting Yank. But of course, we have not sighted the first beer belly from the north.

DENNIS THE MENACE



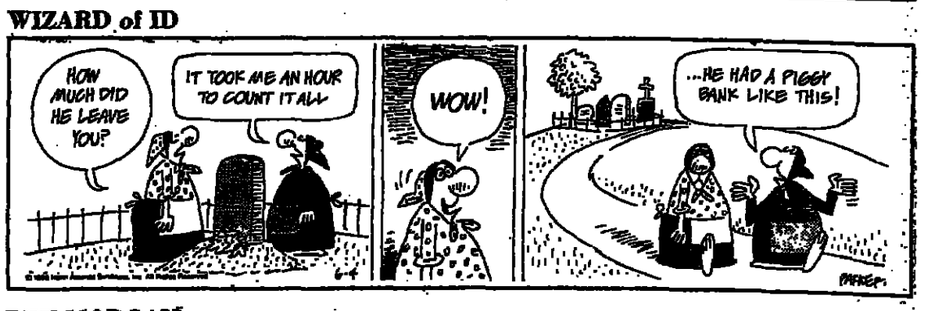
"WE CAN'T BE TWINS, JOEY, BUT MAYBE WE CAN BE IDENTICAL FRIENDS."

PEANUTS

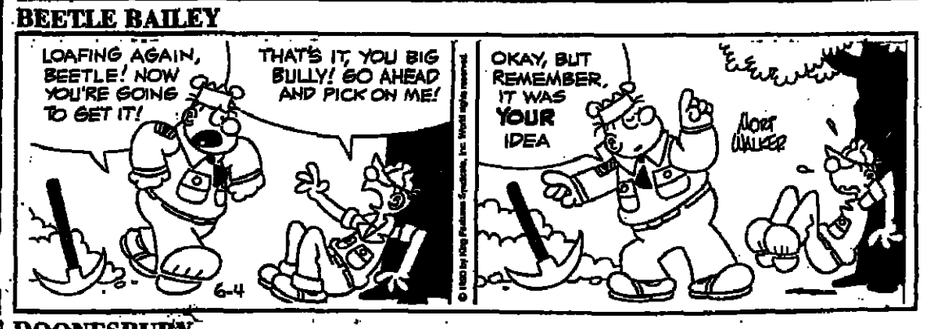
ANDY CAPP

BLONDIE

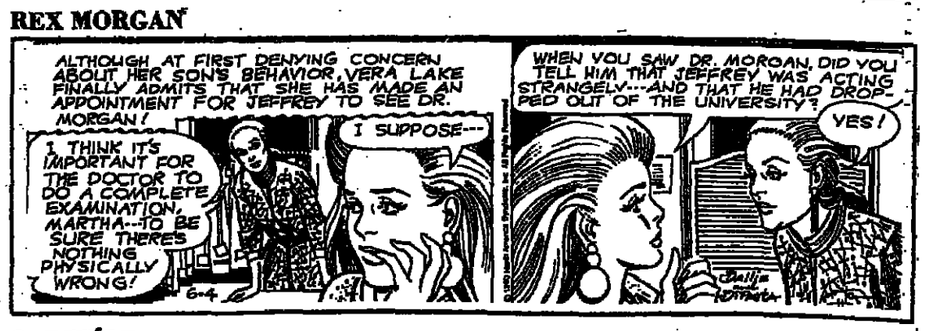
WIZARD of ID



BEETLE BAILEY



REX MORGAN



JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CHABT

HAFFC

WOINDS

PRITOM

SOMETIMES COMES TO A HEAD WHEN INSULTS ARE THROWN BACK AND FORTH.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: (Answers tomorrow)

Saturday's Jumbles: OCCUR SCARF ATOMIC GOSPEL
Answer: He was proof that man does not live by bread alone, but by this, too—CRUST

DOONESBURY

GARFIELD

Reaching More Than a Third of a Million Readers in 164 Countries Around the World
International Herald Tribune

MONDAY SPORTS

Clemens Fans 11 And Hits One as Sox Beat Indians

The Associated Press

Roger Clemens sparked a first-inning fight with a fastball, then became the first nine-game winner in the major leagues Sunday as he struck out a season-high 11 and led

BASEBALL ROUNDUP

Boston to victory, 8-2, in an American League game in Cleveland.

Clemens, now 9-2, hit Stan Jefferson on the right arm with his second pitch of the game, apparently retaliating for a brushback thrown by Cleveland's Doug Jones at Tony Pena in the ninth inning the night before. Pena and Cleveland's Chris James were ejected during the bench-clearing brawl Sunday.

Clemens gave up seven hits and walked one in eight innings, and improved to 12-2 lifetime against the Indians. He is 5-0 with two complete games and a 1.69 ERA in six starts since May 9.

Wade Boggs, Dwight Evans and Ellis Burks homered for Boston. John Farrell took the loss.

Orioles 4, Yankees 3: In New York, Mickey Tettleton's two-run homer broke an eighth-inning tie Sunday and Baltimore beat New York for the Yankees' seventh loss in eight games.

Blue Jays 7, Brewers 4: In Toronto, Fred McGriff and Pat Borders each drove in two runs as the Blue Jays beat Milwaukee before 49,702 fans, the largest regular-season crowd in team history.

Tony Fernandez got three hits and Borders and George Bell each homered as Toronto ended a three-game losing streak.

Expos 4, Pirates 3: In a National League game in Pittsburgh, Mike Fitzgerald doubled home the go-ahead run off rookie reliever Stan Belinda in Montreal's three-run ninth inning.

It was the first time in 26 games that the Pirates lost a game in which they led after eight innings.

Phillies 8, Mets 3: In Philadelphia, Von Hayes had a three-run homer and an RBI single, and Len Dykstra, the major leagues' batting leader, had three more hits as the Phillies defeated New York.

Dykstra had two singles and a double in four at-bats, extending his hitting streak to 16 games.

Cardinals 7, Cubs 4: In St. Louis, Vince Coleman stole four bases for the seventh time in his career, Ozzie Smith stole three and Tom Pagnozzi and Milt Thompson homered as the Cardinals outraced and outslugged Chicago.

Coleman's four-steal game was his first since June 10, 1987, against Philadelphia. Smith also equaled his career high and Willie McGee had another stolen base to give St. Louis eight steals in as many tries.

The eight stolen bases matched the single-game high in the majors this season.

In games played Saturday:

Phillies 5, Mets 4: In Philadelphia, Len Dykstra had three hits, extending his hitting streak to 15 games. Darryl Strawberry hit a two-run homer for the Mets and Daryl Boston had a homer and two runs batted in.

Giants 5, Astros 4: Mike Kingery hit a run-scoring single, his second of the game and his National League career, with two outs in the bottom of the 10th inning to lift the Giants in San Francisco.

Bill Gullickson of Houston was three outs away from his first shutout since 1987 after pitching out of four two-on situations when he gave up a leadoff single in the ninth to Terry Kennedy.

Pirates 4, Expos 3: R.J. Reynolds tied the game in the eighth inning, then doubled home Jay Bell to win it in the 10th in Pittsburgh. Drew Hall got the first two batters in the 10th before walking Bell.

Cubs 7, Cardinals 6: In St. Louis, Dwight Smith hit a sacrifice fly in the ninth to score Shawon Dunston, giving Chicago the victory in a battle to escape last place in the National League's East Division.

The Cubs had three-run rallies in the second and fourth innings.

Reds 8, Dodgers 3: Eric Davis homered and drove in three runs and Paul O'Neill had two homers among his four hits for the Reds in Los Angeles.

Cincinnati's Jose Rijo retired 17 consecutive batters at one point, and Norm Charlton pitched hitless ball over the final 2⅔ innings.

Padres 9, Braves 6: Ed Whitson pitched his fourth complete game and second shutout, and Tony Gwynn and Roberto Alomar led a 14-hit attack in San Diego. Gwynn had three hits, including two doubles and three RBI. Alomar scored four times and got three hits, including his second homer.

Indians 7, Red Sox 6: In Cleveland, Stan Jefferson got two hits, scored three runs and drove in the game-winner in a three-run eighth inning.

Brewers 7, Blue Jays 6: In Toronto, Rob Deer hit a two-run, two-out single, and Milwaukee scored four runs in the seventh inning to beat the Blue Jays.

Orioles 4, Yankees 2: Randy Milligan broke Baltimore's bases-loaded drought with a two-run single in the fifth inning in New York. The Orioles, batting .200 with the bases loaded, broke through in the fifth when Milligan singled off Tim Leary for a 3-2 lead.

Royals 10, Athletics 4: Gerald Perry had three hits and scored two runs and the Royals took advantage of two errors by third baseman Mike Gallego to score five unearned runs in Kansas City, Missouri.

Bret Saberhagen, staked to an eight-run lead, won his fourth straight start and improved to 10-6 lifetime against Oakland. He went seven innings, allowing two runs and eight hits.

Rangers 6, Angels 3: Mike Jeffcoat survived a rocky start to give Texas its first victory by a left-handed starter this season as the Rangers overcame an early three-run deficit in Arlington, Texas. Jeffcoat gave up three runs on five hits in the first two innings, then blanked the Angels on four hits over the next seven.

Twins 2, White Sox 1: In Chicago, Dan Gladden broke an 0-for-10 slump with a game-winning RBI double in the eighth. Greg Gagne singled with two out in the eighth for the third hit off Eric King. Gladden followed with a wind-blown line drive off the fence in right-center, scoring Gagne.

Michael Jordan, left, stopped Dennis Rodman and Detroit from eliminating Chicago in Game 6.

Jonathan Kim/The Associated Press

Johnson Hurls First No-Hitter in Seattle

The Associated Press

SEATTLE — Randy Johnson overcame his own wildness to pitch the first no-hitter in Seattle history as the Mariners beat the Detroit Tigers, 2-0.

Johnson, a 6-foot-10 (2.08-meter) left-hander acquired from Montreal on May 25, 1989, in the Mark Langston trade, walked six and struck out eight on Saturday, while pitching the first no-hitter ever at the Kingdome, which opened for baseball in 1977.

Johnson entered the game with a 4.73 earned run average and had allowed 12 home runs, the most in the major leagues. His previous low-hit game was a five-hit victory over Toronto on July 23, 1989.

It was the second no-hitter of the season but the first complete-game nine-inning no-hitter since Cincinnati's Tom Browning pitched a perfect game against Los Angeles on Sept. 16, 1988.

Seattle was the victim of this year's other no-hitter, as Langston and Mike Witt combined to pitch California to a 1-0 victory on April 11.

Two of Johnson's walks and two of the strike-outs came against Cecil Fielder, who shares the major league lead in home runs with 19.

Johnson struck out Fielder on three pitches to begin the ninth. Chet Lemon looked at two balls, took two called strikes and fouled out to first baseman Alvin Davis. Mike Heath then struck out swinging on an 0-2 pitch, Johnson's 136th of the game, as the crowd of 20,014 erupted.

Johnson's toughest jam came in the sixth, when he loaded the bases on walks but struck out Lemon to end the inning.

Duncan Livingston/The Associated Press

Randy Johnson hurling one of the 136 pitches that gave him a no-hitter against the Tigers.

Pistons Oust Bulls, 93-74

The Associated Press

AUBURN HILLS, Michigan — The Detroit Pistons outscored the Chicago Bulls by 31-14 in the pivotal second quarter and advanced to the National Basketball Association finals for the third straight year with a 93-74 victory Sunday.

Reserves Mark Aguirre and John Salley keyed the second-period surge for the Pistons, who won a seventh playoff game for the first time in team history. Detroit will meet the Portland Trail Blazers in the championship series, beginning here Tuesday night.

The Pistons, keeping alive their hopes of becoming the third franchise — along with the Boston Celtics and the Los Angeles Lakers — to repeat as champions, were 0-3 in seventh games before Sunday.

However, the previous three losses — to Chicago in 1974, Boston in 1987 and the Los Angeles Lakers in 1988 — were on the road.

This time, the Pistons were at the Palace, where they have been almost untouchable.

In nine straight home victories in the playoffs, the Pistons have yet to allow 100 points. The opposition has scored more than 100 in all four of Detroit's postseason losses on the road, including three times by the Bulls in Chicago.

But once again, the Bulls could not find the right combination at the Palace, especially in the second quarter when Detroit was 14-for-17 from the field and Chicago 5-for-24.

The Pistons, trailing 19-17 after one quarter, tied the score five times before regaining the lead for good on a three-point play by Salley with 7 minutes, 43 seconds left in the second period.

That started an 11-0 run, and the Pistons extended the margin to 48-33 at halftime.

Aguirre scored 10 points and Salley seven in the quarter as the Pistons' reserves had 19 of the team's 31 points in the period.

Michael Jordan, who averaged 39 points in Chicago and 27 here in the series, scored 12 of his 31 points in the third quarter, rallying the

NBA PLAYOFFS

Bulls to a 69-59 deficit after they had trailed, 61-39, with 7:48 left.

But the Pistons scored eight of the first 10 points of the fourth period, and the Bulls did not threaten seriously again.

Isiah Thomas led Detroit with 21 points and 11 assists, while Aguirre finished with 15 points and Salley 14 for the Pistons, who scored 11 consecutive down the stretch to turn the game into a rout. Aguirre also had 10 rebounds.

The Pistons, who won all four of their home games in the best-of-seven Eastern Conference finals, get the home-court advantage again in the NBA finals against Portland.

Both the Pistons and Trail Blazers won 59 games in the regular season, but Detroit gets a potential fourth home game in the championship series because its conference record was 40-14 compared to Portland's 41-15.

That edge could prove decisive because the Trail Blazers are also 9-0 at home in the playoffs. Portland and Detroit both were 35-6 at home in the regular season.

In Friday's game, Sam Goldaper of The New York Times reported:

The Bulls evened the Eastern Conference championship at three games apiece with a 109-91 victory in Chicago. The Bulls' 109 points were the most the Pistons have allowed an opponent in the playoffs.

The Pistons shot 38 percent from the field after speaking before the game of the need to play consistent basketball instead of spurting as they did in their last two visits to Chicago Stadium.

There were a few spurts but little else. Unlike the Bulls, the Pistons lacked patience offensively, taking what appeared to be panic jump shots with lots of time remaining on the 24-second shooting clock.

"It was a type of game that we never felt we were out of it," said Joe Dumars, who led the Pistons with 23 points, "but then again, we never felt we were in it."

Although the Pistons led only once, at 17-16, they were within striking distance until the Michael Jordan show began with 8:33 remaining in the third period.

It began with a 17-foot (5-meter) jumper and ended on a basket with 10 seconds left in the quarter.

By then, Jordan had scored 18 of his 29 points and the Bulls' lead had expanded from 51-50 to 80-63.

Seconds after Jordan began his *third-quarter shooting performance*, John Paxson, his backcourt mate, landed on Thomas's foot and reinjured his right ankle.

His replacement, Craig Hodges, the Bulls' premier streak shooter who was shooting an anemic 21 percent in the previous five games, came in and found his touch.

In the next 20 minutes, Hodges hit three three-pointers and scored 16 of his 19 points.

"We were moving the ball well and my teammates found me," said Hodges, who missed only twice in his nine shots from the field.

Valvano Says He's 'Likely' to Become ABC Commentator

Washington Post Service

WASHINGTON — Jim Valvano, the former North Carolina State basketball coach, said "it's very likely" that he will sign a contract to become a basketball analyst for ABC and its cable television subsidiary, ESPN.

With Keith Jackson and Dick Vitale set as one of ABC's broadcast teams for college basketball, Valvano's signing means he could be paired with Brent Musburger, the former CBS announcer who joined ABC last month.

The three-year contract could be worth as much as $900,000, but "a few kinks need to be worked out" before the deal is complete, a source said.

"It's a bit premature for me to say anything," Valvano said Saturday before teeing off in a celebrity golf tournament in Clemmons, North Carolina. "We're hopeful that things will be worked out."

The source said Valvano chose ABC because in doing so he would also be able to work games on ESPN, which carries the majority of nationally televised regular-season college games.

Valvano, who is about to sign a contract to write a book with Curry Kirkpatrick of Sports Illustrated, was forced to resign in April after irregularities were disclosed in the Wolfpack basketball program.

SIDELINES

James Wins British Masters

WOBURN, England (AP) — Mark James of England pulled two strokes ahead of the field to win the British Masters golf tournament here Sunday.

Tied at first after the third round with Brett Ogle of Australia and David Feherty of Northern Ireland, James shot a final-round 67 on the par-72 course for the victory. Feherty was second at 272, while England's Carl Mason was third after a final round of 67 gave him a total of 274.

Nick Faldo, the two-time Masters winner and defending champion, Sunday was a disastrous day. He shot his second 73 of the tournament to finish one over par for the tournament and tied for 54th place.

49ers Deny Montana Deal

PALO ALTO, California (AP) — The owner of the San Francisco 49ers, Edward DeBartolo Jr., denied a report that quarterback Joe Montana, who has led the National Football League team to four Super Bowl titles, has agreed to a contract extension worth $14 million over four years.

"Nothing has been negotiated" with Montana or his agent, Bob Woolf, DeBartolo said in Saturday's editions of the Peninsula Times-Tribune.

The sports daily The National reported Friday that Montana had reached agreement on a deal that would pay him $4.5 million next season and make him the highest-paid player in team sports.

Stockbroker Faces Charges

WASHINGTON (UPI) — The Securities and Exchange Commission has charged an Atlanta stockbroker with defrauding at least 10 National Football League players of at least $1 million.

Oscar Ayala, an employee of Robinson Humphrey Co., an Atlanta brokerage owned by Shearson Lehman Hutton, allegedly used his personal relations with NFL players to divert funds intended for buying stocks to his personal bank accounts, according to an SEC civil complaint filed Friday in a federal court in Georgia.

The case is based on affidavits obtained from Indianapolis Colts defensive lineman Donnell Thompson and Atlanta Falcons wide receiver Floyd Dixon.

For the Record

The 1992 **America's Cup** races will begin off San Diego on May 9, 1992, with races to be held on a Saturday, Sunday, Tuesday and Thursday rotation, organizers announced Friday. *(AFP)*

Yugoslav basketball star Dino Radja will not be able to join the Boston Celtics of the National Basketball Association for at least another two years, the Yugoslav federation announced Friday, citing rules that require Radja to respect his contract with his Yugoslav team, Jugoplastika. Radja, who signed with the Celtics last year for $425,000, has two years remaining on the Jugoplastika contract. *(AP)*

Mateja Svet of Yugoslavia, 21, the current women's slalom world champion, said on Saturday that she was quitting the sport to go into business. Svet said she was tired of skiing and wanted a new challenge. Last month, she threatened to quit over a contract dispute with the Yugoslav team sponsors. *(Reuters)*

Hector Frazier, 28, son of the former heavyweight boxing champion Joe Frazier, was sentenced Friday to up to 3½ years in prison for stealing a young boy's bike and for a burglary and two automobile thefts in Philadelphia. *(AP)*

A sailor was killed and at least 12 were injured on Saturday when three yachts sank and several capsized in heavy swells in the English Channel during the "Round the Island Race," one of Britain's biggest yacht races, off the Isle of Wight. *(Reuters)*

Suzy Favor of Wisconsin became the first woman to win the same event four straight years, capturing the 1,500-meters title at the National Collegiate Athletic Association Track and Field Championships in Durham, North Carolina, on Saturday. *(UPI)*

Evander Holyfield knocked down Seamus McDonagh of Ireland three times before stopping him in the fourth round of a scheduled 12-round heavyweight bout on Friday in Atlantic City, New Jersey. *(AP)*

Marcos Villasana of Mexico won the vacant World Boxing Council featherweight title when he stopped Paul Hodkinson of Britain in the eighth round Saturday in Manchester, England. *(AFP)*

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Milwaukee	25	21	.543	—
Boston	24	23	.511	1½
Toronto	26	25	.510	1½
Cleveland	23	24	.489	2½
Baltimore	22	27	.449	4½
Detroit	21	30	.412	6½
New York	18	28	.391	7

West Division

	W	L	Pct.	GB
Oakland	33	15	.688	—
Chicago	29	17	.630	3
Minnesota	29	20	.592	4½
California	24	26	.480	10
Seattle	24	27	.471	10½
Kansas City	21	27	.438	12
Texas	20	29	.408	13½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Pittsburgh	30	18	.625	—
Philadelphia	25	21	.543	4
Montreal	26	22	.542	4
New York	21	24	.467	7½
Chicago	22	27	.449	8½
St. Louis	21	28	.429	9½

West Division

	W	L	Pct.	GB
Cincinnati	32	12	.727	—
San Diego	25	23	.521	9
Los Angeles	25	25	.500	10
San Francisco	21	29	.420	14
Houston	20	29	.408	14½
Atlanta	18	26	.391	15

Friday's Line Scores

AMERICAN LEAGUE

Baltimore 011 000 001—3 9 1
New York 000 022 00x—4 8 2
Ballard, Holton (6) and Tettleton; LaPoint, Robinson (8), Righetti (9) and Cerone. W—LaPoint, 4-4. L—Ballard, 1-6. Sv—Righetti (10). HRs—Baltimore, Milligan (6). New York, Balboni (5).

Boston 000 010 102—4 9 0
Cleveland 011 000 010—3 7 0
Boddicker, Je. Reed (8), Reardon (9) and Pena; Swindell, Olin (8), D. Jones (9) and Alomar. W—Je. Reed, 2-1. L—D. Jones, 0-2. Sv—Reardon (6).

Milwaukee 003 000 004—7 14 0
Toronto 010 000 000—1 5 1
Higuera, Crim (7) and O'Brien; Stottlemyre, Ward (9) and Borders, Myers (9). W—Higuera, 5-1. L—Stottlemyre, 4-6. Sv—Crim (3).

Minnesota 000 000 010—1 8 1
Chicago 000 100 001—2 9 0
Tapani, Leach (9) and Harper; M. Perez, B. Jones (8) and Karkovice. W—B. Jones, 7-0. L—Leach, 2-1. HR—Minnesota, Dwyer (1).

Oakland 300 100 000—4 6 0
Kansas City 000 002 001—3 9 1
Sanderson, Nelson (6); Klink (8), Eckersley (8) and Quirk, Steinbach (9); Appier, Farr (8), M. Davis (9) and Macfarlane. W—Sanderson, 6-2. L—Appier, 1-1. Sv—Eckersley (16). HRs—Oakland, Canseco (19), McGwire (13).

California 100 021 000—4 12 0
Texas 010 001 010—3 10 1
Blyleven, Fraser (6), Bailes (7), Eichhorn (8) and Parrish; B. Witt, Moyer (7), Arnsberg (8) and Petralli, Stanley (9). W—Blyleven, 4-3. L—B. Witt, 2-7. Sv—Eichhorn (10). HR—Texas, Baines (6).

Detroit 341 100 000—9 12 0
Seattle 501 000 010—7 12 2
Morris, Gleaton (6), Nunez (8), Gibson (9), Henneman (9) and Heath; Bankhead, M. Young (2), Swift (3), Ge. Harris (8) and S. Bradley. W—Morris, 3-7. L—Bankhead, 0-2. Sv—Henneman (12). HRs—Detroit, Fielder (19). Seattle, Buhner (1).

NATIONAL LEAGUE

New York 111 001 000—4 6 0
Philadelphia 000 000 000—0 7 0
Viola, Franco (9) and Mercado; Cook, Akerfelds (8) and Daulton. W—Viola, 8-2. L—Cook, 5-1. HRs—New York, Marshall (5), Jefferies (8).

Montreal 000 300 100—4 8 0
Pittsburgh 000 000 100—1 7 1
Ks. Gross, Hall (8), Mohorcic (9) and Fitzgerald; Drabek, Belinda (8), Ruskin (9) and LaValliere. W—Ks. Gross, 7-3. L—Drabek, 7-2. Sv—Mohorcic (1). HR—Montreal, Da. Martinez (2).

Chicago 100 000 012—4 9 0
St. Louis 000 201 30x—6 12 0
G. Maddux, Lancaster (7) and Girardi, McClendon (7); DeLeon, Dayley (7), L. Smith (9) and Zeile. W—DeLeon, 5-3. L—G. Maddux, 4-5. Sv—L. Smith (5). HR—Chicago, Villanueva (1).

Atlanta 401 001 110—16 13 0
San Diego 340 011 020—11 17 4
Smoltz, Castillo (3), Hesketh (6), Kerfeld (8), Boever (9) and Olson; Dunne, Show (1), Schiraldi (2), Grant (6), Clements (7), Lefferts (9) and Santiago. W—Castillo, 2-0. L—Dunne, 0-2. HRs—Atlanta, Gant (8), Murphy (8), O. McDowell (4). San Diego, Santiago (7), Ja. Clark (1).

Cincinnati 000 120 020—5 6 0
Los Angeles 002 000 000—2 8 1
D. Jackson, Dibble (7) and Oliver; Wetteland, M. Maddux (5), J. Howell (6), Gott (8) and Dempsey. W—D. Jackson, 1-1. L—Wetteland, 1-4. Sv—Dibble (6). HRs—Cincinnati, E. Davis (3). Los Angeles, Daniels (10).

Houston 000 103 010 00—5 8 0
San Francisco 000 010 310 01—6 11 0
(11 innings)
Portugal, Andersen (7), Agosto (7), Da. Smith (8), Schatzeder (10), Clancy (10) and Trevino, Biggio (9); T. Wilson, Oliveras (6), Brantley (8), Bedrosian (10) and Kennedy, G. Carter (8). W—Bedrosian, 1-3. L—Clancy, 1-4. HRs—Houston, G. Davis 3 (13). San Francisco, Mitchell (13).

Saturday's Line Scores

AMERICAN LEAGUE

Milwaukee 020 010 400—7 11 0
Toronto 401 001 000—6 14 2
Wegman, Krueger (1), Edens (4), Fossas (6), Crim (8), Plesac (9) and O'Brien, Surhoff (6); Cerutti, Acker (6), Wells (7), Ward (7), Kilgus (9) and Myers. W—Fossas, 2-3. L—Wells, 2-1. Sv—Plesac (10). HRs—Milwaukee, Parker (2), Molitor (6). Toronto, Gruber (14), McGriff (8).

Minnesota 010 000 010—2 5 1
Chicago 001 000 000—1 7 1
West, Berenguer (7), Candelaria (7), Aguilera (8) and Harper; King, Radinsky (8), Pall (8) and Karkovice. W—Candelaria, 6-1. L—King, 4-1. Sv—Aguilera (15).

Boston 203 000 000—5 12 1
Cleveland 301 001 02x—7 13 1
G. Harris, Lamp (4), Murphy (7), Je. Reed (8) and Pena; Black, Valdez (3), D. Jones (9) and Alomar. W—Valdez, 2-1. L—Murphy, 0-3. Sv—D. Jones (18). HR—Boston, Burks (5).

Baltimore 000 121 000—4 13 0
New York 011 000 000—2 11 0
D. Johnson, Williamson (6), Olson (8) and Tettleton; Leary, Cadaret (6), Plunk (8), Guetterman (9) and Geren. W—D. Johnson, 4-3. L—Leary, 3-6. Sv—Olson (10). HRs—New York, Je. Barfield (9).

Oakland 001 100 002—4 11 2
Kansas City 501 400 00x—10 14 1
Moore, Norris (4) and Steinbach, Hassey (7); Saberhagen, Dotson (8) and Macfarlane. W—Saberhagen, 5-3. L—Moore, 4-5.

California 210 000 000—3 9 2
Texas 023 000 01x—6 10 1
C. Finley, Fetters (3) and Parrish; Jeffcoat and Stanley. W—Jeffcoat, 1-1. L—C. Finley, 7-3. HRs—California, Schu (2). Texas, Incaviglia (8).

Detroit 000 000 000—0 0 3
Seattle 100 100 00x—2 4 0
J.M. Robinson, Gibson (8) and Heath; R. Johnson and S. Bradley. W—R. Johnson, 4-3. L—J.M. Robinson, 4-5.

NATIONAL LEAGUE

Houston 000 101 001 1—4 11 0
San Francisco 000 000 003 2—5 16 0
(10 innings)
Gullickson, Da. Smith (9), Darwin (10) and Trevino, Biggio (10); Knepper, Thurmond (8), Bedrosian (10) and Kennedy. W—Bedrosian, 2-3. L—Darwin, 1-1. HRs—Houston, Biggio (2), G. Davis (14).

New York 002 000 101—4 9 0
Philadelphia 202 000 01x—5 10 0
Gooden, Musselman (7) and Sasser; K. Howell, R. McDowell (8) and Daulton. W—K. Howell, 6-3. L—Gooden, 3-5. Sv—R. McDowell (13). HRs—New York, Strawberry (8), Boston (4). Philadelphia, Daulton (1).

Montreal 100 001 010 0—3 8 0
Pittsburgh 001 100 010 1—4 12 1
(10 innings)
Z. Smith, Schmidt (7), Hall (9) and Santovenia; Heaton, Power (8), Landrum (10) and Slaught. W—Landrum, 2-0. L—Hall, 3-6. HR—Montreal, Galarraga (6).

Chicago 030 300 001—7 10 1
St. Louis 101 031 000—6 10 1
Bielecki, Assenmacher (5), Lancaster (7), Mi. Williams (9) and Girardi; Mathews, Terry (4), Niedenfuer (7), Ls. Smith (8) and Zeile. W—Lancaster, 4-2. L—Ls. Smith, 1-1. Sv—Mi. Williams (9). HR—Chicago, Sandberg (11).

Atlanta 000 000 000—0 5 0
San Diego 202 401 00x—9 14 0
Lilliquist, Henry (4), Clary (5), Luecken (7) and Olson; Whitson and Santiago. W—Whitson, 5-3. L—Lilliquist, 2-7. HR—San Diego, Alomar (2).

Cincinnati 011 100 032—8 13 0
Los Angeles 100 000 200—3 5 2
Rijo, Dibble (7), Charlton (7), Myers (9) and J. Reed, Oliver (8); Belcher, Crews (8), Perry (8), Gott (9) and Scioscia. W—Charlton, 4-1. L—Crews, 1-2. HRs—Cincinnati, O'Neill 2 (6), E. Davis (4).

A list of no-hitters thrown against the Detroit Tigers:

Jim Callahan, Chicago, 3-0	Sept. 20, 1902
Frank Smith, Chicago, 15-0	Sept. 6, 1905
Earl Hamilton, St. Louis, 5-1	Aug. 30, 1912
Hub Leonard, Boston, 5-0	June 3, 1918
Charley Robertson, Chicago, 2-0-x	April 30, 1922
Bob Lemon, Cleveland, 2-0	June 30, 1948
Bob Feller, Cleveland, 2-1	July 1, 1951
Steve Barber, Stu Miller, Balt., 1-2	Apr. 30, 1967
Joel Horlen, Chicago, 6-0	Sept. 10, 1967
Steve Busby, Kansas City, 3-0	April 27, 1973
Nolan Ryan, California, 6-0	July 15, 1973
Randy Johnson, Seattle, 2-0	June 2, 1990

x-perfect game

Japan Baseball

Central League

	W	L	T	Pct.	GB
Yomiuri	30	16	0	.652	—
Taiyo	23	18	2	.561	4½
Chunichi	20	23	1	.465	8½
Hanshin	20	24	0	.455	9
Hiroshima	19	23	1	.452	9
Yakult	17	25	0	.405	11

Pacific League

	W	L	T	Pct.	GB
Seibu	30	10	1	.750	—
Orix	25	16	1	.610	5½
Nippon Ham	20	19	0	.513	9½
Lotte	15	19	0	.441	12
Kintetsu	16	24	0	.400	14
Daiei	10	28	2	.263	19

SATURDAY'S RESULTS
Yomiuri 2, Hiroshima 1
Chunichi 5, Taiyo 1
Seibu 4, Kintetsu 2
Nippon Ham 7, Orix 4, 10 innings

SUNDAY'S RESULTS
Yomiuri 1, Hiroshima 0
Chunichi 6, Taiyo 4
Hanshin 11, Yakult 0
Kintetsu 4, Seibu 3, 11 innings
Orix 2, Nippon Ham 1
Daiei 12, Lotte 11

BASKETBALL

NBA Conference Finals

(Best of seven games.)

EASTERN CONFERENCE
Detroit and Chicago tied, 3-3
Sunday, May 20
Detroit 86, Chicago 77
Tuesday, May 22
Detroit 102, Chicago 93
Saturday, May 26
Chicago 107, Detroit 102
Monday, May 28
Chicago 108, Detroit 101
Wednesday, May 30
Detroit 97, Chicago 83
Friday, June 1
Chicago 109, Detroit 91
Sunday, June 3
Chicago at Detroit

WESTERN CONFERENCE
Portland beat Phoenix, 4-2
Monday, May 21
Portland 108, Phoenix 90
Wednesday, May 23
Portland 108, Phoenix 107
Friday, May 25
Phoenix 123, Portland 89
Sunday, May 27
Phoenix 119, Portland 107
Tuesday, May 29
Portland 120, Phoenix 114
Thursday, May 31
Portland 112, Phoenix 109

Friday's Result

Detroit 20 24 19 28— 91
Chicago 21 26 33 29—109

DETROIT: Rodman 4-6 1-3 9, Laimbeer 5-10 1-1 11, Edwards 3-8 6-8 12, Dumars 9-16 5-6 23, Thomas 5-17 5-6 15, Salley 2-6 7-8 11, Johnson 0-10 2-2 2, Aguirre 4-8 0-0 8, Bedford 0-1 0-0 0, Henderson 0-3 0-0 0. Totals 32-85 27-34 91.

CHICAGO: Pippen 7-13 4-6 19, Grant 4-9 2-2 10, Cartwright 2-8 3-4 7, Paxson 3-5 0-0 7, Jordan 11-20 6-6 29, Perdue 1-3 2-2 4, King 1-3 4-4 6, Armstrong 0-5 0-0 0, Nealy 0-0 0-0 0, Hodges 7-9 1-2 19. Totals 36-75 30-34 109.

3-Point goals—Detroit 0-13 (Laimbeer 0-1, Dumars 0-1, Johnson 0-2, Aguirre 0-2, Henderson 0-3, Thomas 0-4), Chicago 7-10 (Hodges 4-4, Pippen 1-1, Paxson 1-1, Jordan 1-4). Fouled out—None. Rebounds—Detroit 50 (Rodman, Laimbeer 8), Chicago 53 (Grant 14). Assists—Detroit 24 (Thomas 10), Chicago 22 (Pippen, Grant 5). Total fouls—Detroit 31, Chicago 26. Technical—Detroit bench, Grant.

CYCLING

Tour of Italy

Results Saturday after the 16th stage, a 171 kilometer (106-mile) leg from Dobbiaco to Passo Pordoi:

1. Charles Mottet, France, 5 hours, 29 minutes, 24 seconds; 2. Gianni Bugno, Italy, same time; 3. Franco Chioccioli, Italy, 2 minutes, 16 seconds behind; 4. Marco Giovannetti, Italy, same time; 5. Maurizio Vandelli, Italy, 3:38 behind; 6. Dimitri Konychev, Soviet Union, 4:06; 7. Federico Echave, Spain, 4:40; 8. Franco Vona, Italy, 4:47; 9. Leonardo Sierra, Venezuela, 4:59; 10. Vladimir Poulnikov, Soviet Union, 5:00.

Results Sunday after the 17th stage, a 222 kilometer (139-mile) leg from Moena to Aprica:

1. Leonardo Sierra, Venezuela, 7 hours, 16 minutes, 58 seconds or 30.6 kmph; 2. Alberto Volpi, Italy, 52 seconds behind; 3. Eric Boyer, France, 1 minute, 26 seconds; 4. Gianni Bugno, Italy, 2 minutes, 18 seconds; 5. Franco Chioccioli, Italy; 6. Charles Mottet, France; 7. Piotr Ugrumov, Soviet Union; 8. Dimitri Konychev, Soviet Union; 9. Massimiliano Lelli, Italy; 10. Federico Echave, Spain, all at same time

Overall Standings

1. Gianni Bugno, Italy, 84 hours, 14 minutes, 50 seconds; 2. Charles Mottet, France, 4 minutes, 13 seconds behind; 3. Marco Giovannetti, Italy, 6:40 behind; 4. Federico Echave, Spain, 9:37 behind; 5. Franco Chioccioli, Italy, 10:06 behind; 6. Vladimir Poulnikov, Soviet Union, 10:30 behind; 7. Marino Lejarreta, Spain, 13:11 behind; 8. Piotr Ugrumov, Soviet Union, 13:12 behind; 9. Eduardo Chozas, Spain, 14:24 behind; 10. Massimiliano Lelli, Italy, 15:08 behind.

TRACK & FIELD

NCAA Finals

Winners in NCAA Track & Field Championships at Duke's Wallace Wade Stadium in Durham, North Carolina (race distances in meters):

MEN

100
Leroy Burrell, Houston, 9.94 seconds (wind-aided).
200
Michael Johnson, Baylor, 20.31.
400
Steve Lewis, UCLA, 45.19.
800
Mark Everett, Florida, 1:44.70.
1,500
Bob Kennedy, Indiana, 3:40.42.
3,000 steeplechase
Mark Croghan, Ohio State, 8:36.79.
5,000
John Trautmann, Georgetown 14:07.47.
10,000
Shannon Butler, Montana State, 28:38.45.
110 hurdles
Chris Lancaster, Indiana State, 13.45.
400 hurdles
McClinton Neal, Texas-Arlington, 49.23
400 relay
Alabama, 38.87.
1,600 relay
Baylor, 3:01.86 (Daniel Fredericks, Todd Thomason, Tony Miller, Michael Johnson).
High jump
Charles Austin, Southwest Texas State, 7 feet, 7 3-4 inches.
Pole vault
Istvan Bagyula, George Mason, 18-4 1-2.
Long jump
Llewellyn Starks, Louisiana State, 26-5 3-4.
Triple jump
Edrick Floreal, Arkansas, 56-6 1-2.
Shot put
Shane Collins, Arizona State, 66-3 1-4.
Discus
Kamy Keshmiri, Nevada-Reno, 207-1.
Hammer
Scott McGee, Oregon, 217-8.
Javelin
Patrik Boden, Texas, 261-10.
Decathlon
Drew Fucci, Southwest Texas State, 7,922.
Team
Louisiana State, 43 points.

WOMEN

100
Esther Jones, Louisiana State, 11.14 (wind-aided).
200
Esther Jones, Louisiana State, 22.49.
400
Maicel Malone, Arizona State 51.33.
800
Suzy Favor, Wisconsin, 1:59.11.
1,500
Suzy Favor, Wisconsin, 4:08.26.
3,000
Sonia O'Sullivan, Villanova, 8:56.27.
5,000
Valerie McGovern, Kentucky, 15:45.72.
10,000
Janet Haskin, Kansas State, 33:49.72.
100 hurdles
Lynda Tolbert, Arizona State, 12.84 (wind-aided).
400 hurdles
Janeene Vickers, UCLA, 55.40.
400 relay
Louisiana State, 43.99.
1,600 relay
Florida, 3:30.41 (Kim Mitchell, Anita Howard, Dorchelle Webster, Tasha Downing).
High jump
Angie Bradburn, Texas, 6-2 3-4.
Long jump
Sheila Hudson, California, 22-1.
Triple jump
Sheila Hudson, California, 46-0 3-4.
Shot put
Tracie Millett, UCLA, 53-7.
Discus
Tracie Millett, UCLA, 183-9.
Javelin
Ashley Selman, Southern California, 186-3.
Heptathlon
Gea Johnson, Arizona State, 6,132.
Team
Louisiana State, 53.

GOLF

Final Results Sunday from the British Masters of the par-72, 6,940-yard Woburn Golf and Country Club course:

M. James, England,	70-67-66-67—270
D. Feherty, Nth. Ireland,	65-70-68-69—272
C. Mason, England,	69-70-68-67—274
M. McNulty, Zimbabwe,	68-70-72-66—276
J. Hawkes, S.Africa,	69-69-72-66—276
B Ogle, Australia,	70 65 68 73—276
V. Singh, Fiji,	72-67-71-68—278
B. Lane, England,	70-69-75-65—279
P. Senior, Australia,	68-69-75-67—279
R. Chapman, England,	67-70-75-67—279
T. Johnstone, Zimbabwe,	71-68-72-68—279
V. Fernandez, Argentina,	69-71-69-70—279
C.Parry, Australia,	71-69-69-70—279
S. Lonamuir, Scotland,	67-67-73-72—279

TRANSACTIONS

BASEBALL
American League

AL—Upheld three-day suspension of Frank Robinson, Baltimore Orioles manager, effective Friday.

CHICAGO—Sent Jerry Kutzler, pitcher, to Vancouver, Pacific Coast League. Called up Adam Peterson, pitcher, from Vancouver.

KANSAS CITY—Placed Terry Shumpert, second baseman, on 15-day disabled list. Recalled Bill Pecota, infielder, from Omaha, American Association.

MINNESOTA—Acquired Mica Lewis, second baseman, from Houston Astros to complete Steve Lombardozzi trade.

TEXAS—Bought contract of Kevin Reimer, first baseman-outfielder, from Oklahoma City, American Association. Waived Thad Bosley, outfielder, for purpose of giving him his unconditional release. Bought contract of Craig McMurtry, pitcher, from Oklahoma City, American Association.

TORONTO—Put Jimmy Key, pitcher, on 15-day disabled list retroactive to May 22. Recalled Paul Kilgus, pitcher, from Syracuse, International League.

National League

CINCINNATI—Activated Rick Mahler, pitcher, from 15-day disabled list.

NEW YORK—Recalled Orlando Mercado, catcher, from Tidewater, International League. Optioned Wally Whitehurst, pitcher, to Tidewater, International League. Bought contract of Dave Liddell, catcher, from Tidewater.

BASKETBALL
National Basketball Association

NBA—Fined Scottie Pippen, Chicago Bulls forward, $2,000 for committing flagrant foul in fifth game of NBA playoff series.

CLEVELAND—Signed Danny Ferry, forward, to multiyear contract.

FOOTBALL
National Football League

CINCINNATI—Signed Eric Kattus, tight end, to three-year contract.

HOCKEY
National Hockey League

DETROIT—Signed Johan Garpenlov, forward, to two-year contract.

COLLEGE

DRAKE—Curt Blake, athletic director, resigned.

TENNIS

French Open

SATURDAY'S RESULTS
Men's Singles
Third Round

Niclas Kroon, Sweden, def. Amos Mansdorf, Israel, 6-4, 7-6 (7-3), 6-1; Goran Ivanisevic, Yugoslavia, def. Patrick Kuhnen, West Germany, 7-6 (7-4), 6-1, 7-5; Guillermo Perez-Roldan (15), Argentina, def. Yannick Noah, France, 7-6 (7-5), 6-4, 4-6, 6-3; Thomas Muster (7), Austria, def. Paul Haarhuis, Netherlands, 3-6, 7-5, 6-2, 7-6 (7-4);

Martin Jaite (10), Argentina, def. Aki Rahunen, Finland, 7-6 (7-2), 6-2, 6-1; Karel Novacek, Czechoslovakia, def. Aaron Krickstein (5), U.S., 6-2, 6-3, 3-6, 7-6 (7-2); Magnus Gustafsson (14), Sweden, def. Diego Perez, Uruguay, 6-1, 4-6, 6-1, 6-3; Thierry Champion, France, def. Guy Forget, France, 6-4, 6-7 (3-7), 6-4, 5-7, 6-3; Andres Gomez (4), Ecuador, def. Alexander Volkov, Soviet Union, 6-2, 7-5, 4-6, 6-3.

Women's Singles
Third Round

Jennifer Capriati, U.S., def. Judith Wiesner (12), Austria, 6-4, 6-4; Natalia Zvereva (10), Soviet Union, def. Stacey Martin, U.S., 6-4, 6-1; Mercedes Paz, Argentina, def. Celine Cohen, Switzerland, 6-1, 7-5; Manuela Maleeva (6), Switzerland, def. Patricia Tarabini, Argentina, 2-6, 7-6, 6-0;

Steffi Graf (1), West Germany, def. Sandra Cecchini, Italy, 6-2, 6-3; Ann Grossman, U.S., def. Kirrily Sharpe, Australia, 6-2, 4-6, 6-1; Laura Gildemeister (16), Peru, def. Magdalena Maleeva, Bulgaria, 6-1, 6-3; Mary-Joe Fernandez (7), Miami, def. Isabel Cueto, West Germany, 7-6 (7-3), 6-2; Monica Seles (2), Yugoslavia, def. Leila Meskhi, Soviet Union, 7-6 (7-4), 7-6 (7-4).

SUNDAY'S RESULTS
Men's Singles
Fourth Round

Andre Agassi (3), U.S., def. Jim Courier (13), U.S., 6-7 (8-10), 6-1, 6-4, 6-0; Michael Chang (11), U.S., def. Javier Sanchez, Spain, 6-4, 6-4, 6-2; Andres Gomez (4), Ecuador, advances over Magnus Gustafsson (14), Sweden, who withdrew due to injury.

Women's Singles
Fourth Round

Manuela Maleeva (6), Switzerland, def. Natalia Zvereva (10), Soviet Union, 6-4, 6-2; Mary-Joe Fernandez (7), U.S., def. Ann Grossman, U.S., 6-3, 6-2; Jennifer Capriati, U.S., def. Mercedes Paz, Argentina, 6-0, 6-3; Katerina Maleeva (8), Bulgaria, def. Nicole Provis, Australia, 3-6, 6-3, 6-3; Steffi Graf (1), West Germany, def. Nathalie Tauziat (15), France, 6-1, 6-4.

Kureishi's Journey: Laundrette to Buddha

By Glenn Collins
New York Times Service

NEW YORK — "The real problem when I was growing up was that racism just wasn't a topic of understanding in England," Hanif Kureishi was saying on a recent afternoon.

"If I'd been a black growing up in Detroit, say, there would have been a structure for me to comprehend: the institution of slavery and the history of segregation. But in England, there was no wider understanding of racism. You felt it was your own personal psychological problem."

Kureishi, who lives in London, is best known in America as the screenwriter of the Stephen Frears-directed films "My Beautiful Laundrette" and "Sammy and Rosie Get Laid," vivid servings of British Asian life that opened the surprising, and hitherto obscure, world of London's Indian and Pakistani immigrant cultures to public scrutiny.

The films seemed to offend not only those in England who dislike immigrants, but also some members of England's Asian communities. Now Kureishi has returned to the themes of race and class in contemporary London in his first novel, "The Buddha of Suburbia," which has been on best-seller lists in England since it was published there six weeks ago. Since its American debut this month, the book has been critically praised in many newspapers and magazines.

The writer has skewered practically every target in sight in "Buddha," including suburban social climbers, artistic poseurs, upper-class twits, Rolls-Royce liberals, scabrous working-class heroes and, once again, England's Asian and black immigrants.

"Buddha" is the oft-raunchy tale of Karim Amir, child of an Indian father and an English mother, who comes of age in Orpington, a London suburb, during the cultural aftershocks of the seismic '60s.

Karim moves to London to romp through the proto-punk scene of the '70s — and, not insignificantly, through many a bedroom — until he makes his fortune as an actor. Kureishi's screenplays brought him attention, and bought him enough time to work on "Buddha," but "writing a novel, you really expose yourself," Kureishi said.

"You can't hang back," he said. "It's all there to see. A novel is much more internal, and certainly, writing a first-person novel — it's an act of exposure."

The 35-year-old Kureishi was passing through New York on his two-week book tour, traveling light, wearing jeans, black shirt, and a vest emblazoned with a cheerfully lurid image of Elvis Presley.

Lithe and laid-back, Kureishi spoke quietly and was slow to smile. When he did, his enigmatic eyes and long dark hair gave his expression a startling Mona Lisa quality. Kureishi has something of a reputation in London as a scene-maker and dedicated hanger-outer, but, he said, "you need to live a boring life to be a writer."

> **'Kids I'd known since the age of 5 began spitting at me.'**

"An idea takes a long time to grow and develop," he added. "You need such discipline and concentration to do a book." It took him nearly two years to complete "Buddha."

Like his fictional protagonist, Kureishi is the child of an Indian father and an English mother — he grew up in suburban Bromley — and began his own assault on cultural London in the 1970s. In consequence, he is spending much of his time these days fielding questions about just how much of his life is in "Buddha."

"Certainly the book is autobiographical in some ways," he said. "That's so obvious. But the relationship between your own life and your writing is very complex. It's hard to realize, yourself, how you've transformed part of yourself into the characters you create."

His book has occasioned something of a guessing game in England: "There are two basic reactions," Kureishi said. "There are those who hate you because they think you put them in the book, and there are those who hate you because they think you didn't put them in the book."

At least one character has a real-life counterpart: one of Kureishi's grade-school mates, Bill Broad, became the punk-rocker Billy Idol. A character in "Buddha," Charlie Hero, is partly based on the rocker, "although I haven't seen him since I was 16," Kureishi said.

"But with all these characters, you create them by taking one person's nose and adding it to another person's hands and another one's feet, and you mix them all up."

The book's portrait of English racism is largely autobiographical. Young Hanif was the only Asian in his school at the time when "Paki bashing" became a vicious pastime for some alienated punks and skinheads.

"One teacher called me 'Pakistani Pete,' something that no teacher would get away with today," Kureishi said. "Kids I'd known since the age of 5 began spitting at me and kicking me around."

Unlike his schoolmates, most of whom grew up to be mechanics or laborers, Kureishi attended King's College in London, began an apprenticeship in London theaters and became a playwright.

He won acceptance in theatrical England "because they liked me," Kureishi said. "They liked me because I was Indian, and lower-middle-class. That was chic. And I was pretty — then."

Although he feels that racism is less virulent in England these days, Kureishi maintained that "Britain doesn't yet have a vision of itself as a mixed place.

"The feeling is that blacks and Asians were invited to Britain to work, but maybe they'll somehow go back again. Britain still hasn't recast itself as a multiracial, multicultural society."

These days, does Kureishi think of himself as Indian, English or neither? "I think of myself as a British writer," he said, adding that this is not, perhaps, the way Britain thinks of him. "Literature there is still in the hand of the old boys," he said. "There are all of these new immigrant experiences in Britain that haven't been touched yet."

After "Laundrette" and "Sammy and Rosie" appeared, he received hate mail and threats from Asians in England who objected to his characterizations of immigrant culture.

The motivation for some of this anger involved the sexual content of his work, Kureishi said. In "Laundrette" the central characters, Omar and Johnny, were homosexual. Two of Kureishi's characters in "Sammy and Rosie" had an open marriage, and in "Buddha," the protagonist, Karim Amir, is happily, even energetically, bisexual.

Kureishi said the biggest protests against "Laundrette" occurred not in England but in New York City, in 1986, when the film was picketed by the Pakistan Action Committee.

"People think you're supposed to show them exclusively as strong, truthful and beautiful," he said.

Kureishi was one of the first English writers to speak in support of Salman Rushdie after Ayatollah Ruhollah Khomeini of Iran denounced his novel "The Satanic Verses" as blasphemous and called for the author's death.

Kureishi said he had known Rushdie "for a very long time, since his family was an old friend of our family in India."

"It was devastating for him, for all of us," said Kureishi. "We thought that the community would be proud of Rushdie as someone who has used his position as a famous writer to talk about racism, colonialism and unemployment. But to see them turn round on him, to see 16-year-olds say they want to murder him with their own hands — it was appalling."

Kureishi said that Rushdie had come to terms with his situation, and was "writing quite a lot." Has he seen him recently? "I can't answer that question," he said.

Neal Boenzi/The New York Times

Hanif Kureishi: Skewering every target in sight.

LANGUAGE

Looking Askance at Preconditions

By William Safire

WASHINGTON — We all thought John H. Sununu, the White House chief of staff, had at last been cornered. The official presidential position on the dread subject of tax increases (*hikes* in journalese) in budget talks was *no preconditions*.

Governor Sununu had been caught off base when he told reporters, not for quotation or attribution, that a tax increase was not in the works — that the Democrats at the "budget summit" might seek that way to reduce the deficit, but that President Bush would say no.

Albert R. Hunt of The Wall Street Journal closed in on the meaning of *no preconditions*: "You said, according to the reports, that it meant, and I'm quoting now, 'The Democrats could propose tax increases, but the White House would veto them.'"

Sununu could not deny having been the source of the story, but denied having said what The Washington Post quoted "a senior official" as saying. "That is not the quote. I never used the word 'veto.' I indicated that the White House would be likely to *look askance* at it."

He had *slipped out of the corner with a near-archaism* of obscure origin. What is a *look askance*?

The literal sense — "obliquely, with a side glance" — is no longer germane. The figurative sense of that *sideways look* has become "with scorn, doubt, suspicion, disapproval or distrust." "Scorn" belongs right up there. Although *askance* first appeared as *a scanche*, two words, in Palsgrave's 1530 book on French grammar, meaning "sidewise, obliquely," the first use of the single word in literature was by the poet Edmund Spenser two generations later: "That scornfully looks askaunce."

Etymologists clash on the source. The Oxford English Dictionary says the origin is unknown: "There is a whole group of words of more or less obscure origin in *ask-*." These include *askew, asquint* and *askance*, and all have that cocked-eye connotation. The Barnhart Dictionary of Etymology disagrees, pointing instead to a 1395 Chaucer use of a conjunction *askance*, to mean "as though, as if." This conjunction predates the adverb *askance* and may be derived from the Latin *quasi*, "as if."

All this must have flashed through the mind of John Sununu as he turned aside the direct challenge of the word *veto* and went back to the undefined and indeterminate *no preconditions*.

This brings up a related question: why *pre*conditions? Aren't plain *conditions* conditional enough? Does this belong with *preheat, preplan* and *pretest* in the concatenation of redundant *pre*-prefixes?

No. Not all *conditions* are *preconditions*, Fred Mish, editorial director at Merriam-Webster, once told me: "Hard work is a necessary *condition* of success, but it is not a *precondition* because the condition is met in the process." The words are not interchangeable; *precondition* stresses the element of time. No redundancy here.

However, a curious redundancy appears twice (yes, that's four usages) on a close reading of the transcript of Sununu's appearance. "Well, the fact is is that the reporters were assuming there would be taxes," he said. Later, he again doubled the *is*: "would be likely to look askance at it, and the fact is is that we would look at each issue as it came forward."

This is a vivid illustration of a construction known as the Hersey Double-Is, named after the author John Hersey, who wrote in last year to wonder about such usages as "The bottom line is is that . . ."

A lively British publication calling itself English Today published a paper by Dwight Bolinger on the double *is* in 1987. Reached in Palo Alto, California, Bolinger points to a 19th-century usage in a letter by Charles Darwin: "My excuse *and reason is, is the* different way all the Wedgwoods view the subject."

Bolinger believes that the phenomenon has blossomed in the past generation. What causes it? "The reduplication of *is*," he speculates in his article, "must respond in part to the speaker's uncertainty as to the affinity of the copula."

A *copula* is a verb that couples, or links, a subject with the rest of the predicate. The speaker, Bolinger explains, does not know if the *is* belongs "with what precedes or with what follows," and "seems to want to make sure that neither half of the sentence is deprived of its *is*." The Hersey Double-Is, then, is probably the speaker's subconscious way of making certain that both the subject and the predicate have a verb. Sununu, in being hypercautious about avoiding error, has erred. A double is may be his way of insuring that both his subject and predicate are firmly verbed, but in most cases, what the double is is is a mistake.

□

Defending the National Endowment for the Arts from its critics, Senator Edward M. Kennedy declared that the American people would "reject the know-nothing censorship the right wing is trying to impose." In selecting *know-nothing* as his adjective, the senator evoked an Americanism that has resonated with bitterness throughout the last century of American history.

In her fascinating biography of Anna Ella Carroll, "Neither Heroine Nor Fool," published this month by Kent State University Press, Professor Janet L. Coryell traces the connections of the foremost female pamphleteer of the Civil War era to the American Party, whose members styled themselves the Know-Nothings and later split to join the old Democrat and new Republican parties.In another recent book, "The Party of Fear," the author, David H. Bennett, quotes Carroll as excoriating "poll domination by drunken aliens, the intrigue and rowdyism of raw foreigners." This is Know-Nothingism at its purest and most troubling: reviling the immigrant, arousing the resentment of the majority against the minority.

Over the past century, the meaning of the adjectival phrase *Know-Nothing* changed from "anti-alien" and "nativist" to a less politically charged but equally insulting "stupid," which was probably what Kennedy had in mind. For a while, it appeared that *nativist* would replace *Know-Nothing* in histories, but the emergence of *Native American* as a replacement for *American Indian* scotched that. We now see *Know-Nothing* used in scholarly circles, capitalized, to refer to anti-immigrant and racist movements in our Middle Period, and used by politicians today, uncapitalized, with only the "stupid, mindless" sense.

Why would any political party adopt such a name? The answer was in the signal given by members, when asked about their affiliation: with one index finger, the Know-Nothing would point to his eye, touch the side of his nose, and make a circle with his finger and thumb. That was Eye-Nose-Nothing, a refusal to reveal political leanings that was the mark of conspiracy, not of stupidity.

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